



UNIVERSITY OF CAPE TOWN
IYUNIVESITHI YASEKAPA • UNIVERSITEIT VAN KAAPSTAD

FOREIGN DIRECT INVESTMENTS IN LARGE-SCALE AGRICULTURE: THE POLICY ENVIRONMENT AND ITS IMPLICATIONS IN ETHIOPIA

by

Atkeyelsh G. M. Persson

Thesis Presented for the Degree of

DOCTOR OF PHILOSOPHY

February 2016

The copyright of this thesis vests in the author. No quotation from it or information derived from it is to be published without full acknowledgement of the source. The thesis is to be used for private study or non-commercial research purposes only.

Published by the University of Cape Town (UCT) in terms of the non-exclusive license granted to UCT by the author.

Declaration

I, Atkeyelsh G. M. Persson, hereby declare that the work on which this thesis is based is my original work (except where acknowledgements indicate otherwise) and that neither the whole work nor any part of it has been, is being, or is to be submitted for another degree in this or any other university. I authorise the University to reproduce for the purpose of research either the whole or any portion of the contents in any manner whatsoever.

Signature: _

Signed by candidate

Date: _

12-02-2016

Abstract

In most African states, arable land and other natural resources play a pivotal role for economic growth and development. Ethiopia is one of those countries where agriculture is the backbone of the economy. Since the time of Emperor Haile Selassie I, Ethiopia has been attempting to advance the transformation of its agricultural sector by moving away from small-scale subsistence farming to large-scale commercial farming. It thus encouraged Foreign Direct Investment (FDI) in large-scale agriculture. However, the military government that took power in 1974 reversed this. The current government of Ethiopia seized power from the military regime in 1991. Today the government once again advocates FDI in large-scale agriculture. This has led to an influx of foreign investors, especially in Gambella and Benshanguel-Gumuz Regional States.

Various scholars, however, criticize the manner in which these investments have been taking place, arguing that the investments are neither pro-poor nor sustainable. Against this backdrop this research seeks to examine current policies, the patterns of investment they promote, and how these affect land-based resources and the wellbeing of communities. The study intends to provide information that may help improve the performance of FDI in terms of their sensitivity to poverty alleviation and sustainability. It also aims to boost current knowledge on FDI in agriculture in Ethiopia. The study was conducted using multiple data collection methods, including documentation, interviews, focus group discussions with the affected communities and direct observations in the case study areas. The results are analysed using pro-poor and sustainability frameworks for FDI in large-scale agriculture, along with findings of empirical studies on national FDI policies and practices in various parts of the globe. The analyses reveal that the Ethiopian investment policy's support to FDI in large-scale agriculture is inadequate. It focuses on giving incentives to attract FDI rather than ensuring the availability of quality institutions and sufficient infrastructure, which are vital for facilitating the operation and productivity of FDIs. Furthermore, the absence of community participation in the decision-making process for the agricultural investment projects in the case study areas portends significant negative implications for the wellbeing of local communities and the sustainability of the natural environment. The study recommends further research to investigate the economic viability of alternative land-based investments, such as eco-tourism, which is shown to be environmentally sustainable and can be shaped to be pro-poor. Also recommended is additional research into good practices for large-scale

agricultural investments, that can be adapted to Ethiopian conditions, should the government opt to continue promoting FDI.

Keywords: Foreign Direct Investment, large-scale agricultural investment, investment policy, pro-poor and sustainable investment, and development agenda

Acknowledgements

Several people deserve gratitude for supporting me during my four-year doctoral studies. Family, friends and colleagues all played a crucial role in giving me a hand in various ways and encouraging me to carry on with the research. I am grateful to all of them, especially my mum who kept on telling me, “You have started it, sooner or later it will be finished. Keep going. Do not give up! I will keep you in my prayers”. Yes, her prayers certainly gave me the needed strength and patience.

Two people deserve particular gratitude for their role in the fulfilment of this thesis: Associate Professor Jennifer Whittal and Professor Maano Ramutsindela. They have carried out their supervisory role with diligence. Their distinct expertise and meticulous review of each draft helped tremendously to enrich this thesis and facilitate its timely completion. Thank you, Jenny and Maano, for giving me utmost guidance! I am also greatly indebted to Jenny for her kindness and caring, which made my stay in Cape Town possible. In addition, her arrangement of financial support during data collection contributed to the realization of this thesis.

Many people, both in Addis Ababa and in the case study regions, assisted me in collecting data for this research. I am thankful to all of them. In particular, I would like to express my sincere thanks to key informants for their time and for sharing with me their invaluable and candid views, without which the thesis would not have been achieved.

I am grateful to the United Nations Economic Commission for Africa (UNECA) for granting me study leave during the write-up of the thesis. I am particularly indebted to Dr. Abdalla Hamdok, Deputy Executive Secretary of UNECA, for his encouragement and for endorsing the research, which facilitated the granting of the study leave. I would also like to express my appreciation to Dr. Stephen Karingi, Director of the Regional Integration and Trade Division of UNECA, for endorsing the research, and thereby supporting the granting of the study leave. I am equally grateful to Mr. Lamin Fatty, Mrs. Hirut Asrat and Mrs. Temnit Fitsum for helping me obtain the leave, and for their support and guidance.

Many other colleagues at the UNECA and UNICEF, as well as other people, supported me at various times of this study. I would particularly like to thank Dr. Belay Demissie (UNECA) for facilitating data collection by providing me contacts at key Ethiopian institutions in Addis Ababa, and Mr. Gedion Gamora (UNECA) and Dr. Kaleab Baye (Addis Ababa University) for helping

identify research assistants, Mr. Solomon Demelash and Mr. Yohannes Seyoum, during data collection in Gambella Region and Addis Ababa respectively. Mr. Demelash and Mr. Seyoum are excellent young researchers – Thank you both. I am indebted to Mr. Siddig Ibrahim and Mr. Gebreegziabher Lemma (both of UNICEF) for enabling me to obtain contacts that were immensely useful in the collection of data in the case study regions. My special appreciation goes to Mr. Kueth Lual for organizing transportation and preparing support letters to facilitate my data collection at various governmental offices and foreign agricultural project sites in Gambella Regional State. Without his support, data collection in Gambella Region would have been impossible.

My best friends, Mr. Ali Todaro and Mr. Nassirou Ba, encouraged me, reviewed some chapters of the thesis and gave me invaluable inputs, and for that I extend my sincere thanks to them. I enjoyed our intellectual discussions, arguments and laughter. Thank you, Ali and Nas, for understanding me and being there for me at all times!

My sincere thanks go to the staff of Geomatics Department of UCT, especially Soraya, Alta and Mignon as well as fellow students Emmanuel, Williams, Simon, Cleotilda, Leslie and Melanie.

My heartfelt thanks go to my husband, Eiler, for his understanding, encouragement and love throughout my higher educational career. He is a listener, when I need someone to listen to me; a supporter when I am in need; and a motivator when I am about to give up. Thank you, Eiler, for taking care of the kids in my long absence and playing both parents' role. My gratefulness goes to our twin daughters, Hanna and Maria, for their understanding, encouragement, love and humour which kept me going well during this study. Thank you, my lovely daughters, for being interested in my research. One day, you will both possibly walk in this path!

To the Almighty God, thank you for all of the blessings!

Definition of key terms

The research uses commonly used terms such as pro-poor, sustainability, and FDI. These terms, especially sustainability, can be unclear at times because of the various synonyms used in various fields. It is, therefore, important to explain the meaning of these terms in this research.

Foreign Direct Investment (FDI): an investment is termed FDI if the provider of capital is on one side of an international border while the delivery of goods or services occurs on the other, and the capital provider also gains a degree of influence or control over the activities related to the delivery of goods or services.

FDI in Large-Scale Agriculture: a foreign individual, company, trust or state that is engaged in large-scale agriculture and granted access and control over agricultural land use rights or land ownership.

Pro-poor FDI in Large-Scale Agriculture: is FDI in large-scale agriculture but in addition the investment is designed to benefit the poor through (1) creation of employment for the locals by making the farming labour-intensive rather than capital-intensive; (2) improving working conditions such as wages, working hours, health insurance and other benefits; (3) increasing occupational health and safety standards of benefit to agricultural workers; (4) integrating local smallholder farmers with foreign investors; (5) improving host country's food security, especially those who are food deficit like Ethiopia, by increasing yield for their agricultural production and (6) designing for allied local benefits such as road infrastructure, schools and health centres. In addition, pro-poor FDI in large-scale agriculture recognizes and respects existing rights of individuals and/or communities in land and land-based resources and creates an environment in which the local communities participate in decision-making when leasing or selling the land and in the land development project cycle.

Sustainable FDI in Large-Scale Agriculture: is FDI in large-scale agriculture but in addition, the investment is designed to yield long-term benefits as well as being mindful of the environmental effects of development. The FDI should improve the local or regional economy in the host country, it should bind to the rule of law (such as labour law, environmental law), and exercise industry best practices. Such best practices may include farming methods, respecting the local agro-ecological conditions, and not accelerating climate change, soil depletion, and the

exhaustion of freshwater reserves. Training for local farmers in environmentally sound agricultural production may be included in order to enhance their awareness of problems such as improper usage of fertilizers and pesticides which can pollute soil, water, and air and indirectly endanger the community's health.

Development Agenda: is an agenda a country set vis-à-vis its current status of socio-economic development, peace and security, and environmental sustainability. Ethiopia's development agenda is to alleviate poverty, bring sustainable economic development, secure social justice and increase per capita income of citizens so as to reach at the level of middle income countries by 2025 (NPC, 2015).

Economic Infrastructure: is a subset of the infrastructure sector and includes electric power, transport and communication.

Social Infrastructure: is a subset of the infrastructure sector and includes education, health, sanitation and water supply.

Command Economy: is an economic system whereby the means of production such as land, labour and capital are state-owned and the economic activity is highly controlled by the central authority.

Market Economy: is an economic system whereby prices of goods and services are determined by the interaction of demand and supply. The market plays a huge role in making economic decisions and there is little government intervention in comparison to the command economy.

Mixed Economy: is an economic system which consists of the features of both a command and a market economy and allows public as well as private ownership.

Indigenous people: are people who reside in certain parts of the country and live in their ancestral lands under a tribal system. They have their own indigenous languages which are used as the only language or as their mother-tongue. They are distinct from other societies who are now prevailing in their territories. They are determined to preserve and transmit to future generations their ancestral territories and their ethnic identity.

Use of key terms

The terms “**large-scale agriculture**”, “**large-scale farming**” and **commercial farming**” mean the same in this study and are used interchangeably.

The term “**the case studies**” and “**the agricultural investment projects**” mean the same in this study and are used interchangeably.

The term “**regime**” and “**government**” mean the same in this study and are used interchangeably.

The term “**indigenous people**”, “**local residents**”, “**villagers**” and “**community**” means the same in this study and are used interchangeably.

Table of contents

Declaration	2
Abstract	3
Acknowledgements	5
Definition of key terms	7
Use of key terms	9
Table of contents	10
List of figures	15
List of tables.....	17
List of abbreviations	18
Chapter 1 : Introduction.....	21
1.1 Background.....	21
1.1.1 The importance of agricultural land in Africa	21
1.1.2 Foreign direct investment in large-scale agriculture in Africa.....	21
1.1.3 Different views on FDI in large-scale agriculture in Africa.....	23
1.1.3.1 Argument for FDI in large-scale agriculture	23
1.1.3.2 Argument against FDI in large-scale agriculture	23
1.1.4 FDI in large-scale agriculture in Ethiopia	23
1.2 Statement of the problem	25
1.3 Objective.....	25
1.4 Research questions.....	26
1.5 Theoretical framework	27
1.6 Research methodology	27
1.7 Research ethics and positioning	27
1.8 Analysis	28
1.9 Scope and limitations	28
1.10 Contribution to knowledge.....	28
1.11 Research outline	29
Chapter 2 : Literature Review	31
2.1 Introduction.....	31
2.2 Agricultural transformation	31
2.3 FDI and host country policies and best practices	33
2.3.1 Theories used in FDI research	33
2.3.2 Types of FDI	34
2.3.3 Determinants of inward FDI	34
2.3.3.1 Skilled labour, labour cost and infrastructure.....	34

2.3.3.2	Political, social and economic stability and the regulatory and institutional framework	35
2.3.3.3	Labour standards.....	36
2.3.3.4	Environmental Standards	37
2.3.3.5	Population health and FDI.....	37
2.3.4	Host country FDI policy	38
2.3.5	Investment incentives and their effective application	40
2.3.6	Local content requirements	40
2.4	Research on similar research questions	41
2.4.1	Research on FDI in large-scale agriculture	41
2.4.2	Investors in large-scale agriculture and target countries	44
2.4.3	Drivers of FDI in agricultural land	45
2.4.4	Social and environmental impacts of FDI in agriculture.....	46
2.4.5	Domestic law and agricultural investment contracts	47
2.5	Research on the use of case study research methods on FDI and land tenure.....	47
2.6	Research on analytical methods.....	48
2.6.1	Key elements to promote pro-poor and environmentally sustainable FDI in large-scale agriculture 48	
2.6.1.1	Pro-poor and sustainable FDI in large-scale agriculture	49
2.6.1.2	Minimum set of principles and measures to promote environmentally sustainable and pro- poor FDI in large-scale agriculture	51
2.6.1.3	Fundamental principles to promote pro-poor and sustainable investment in agriculture...52	
2.6.1.4	Key indicators to measure sustainability and pro-poor agricultural investments	53
2.6.2	Regulatory and institutional frameworks and guidelines to assess investment policy	54
2.6.2.1	Global voluntary guidelines on the responsible of governance of natural resource tenure.55	
2.6.2.2	Regional framework and guidelines on land policy	55
2.6.2.3	Declaration on land issues and challenges in Africa.....	56
2.6.2.4	Guidelines for sustainable farming lease agreement.....	57
2.7	Summary.....	57
Chapter 3	: Nature and History of FDI in Ethiopian Agriculture	60
3.1	Introduction	60
3.2	FDI during the imperial regime: policies and practices	61
3.3	FDI during the military regime: policies and practices	62
3.4	FDI in the EPRDF regime: policies and practices.....	64
3.5	Similarities and differences of the three regimes' investment policies in agriculture	65
3.6	Summary.....	67
Chapter 4	: Theoretical Framework	69
4.1	Introduction	69

4.2	Critical realism (post-positivism) paradigm	70
4.3	Rational for choosing critical realism paradigm	71
4.4	Eclectic paradigm.....	72
4.5	Positivist paradigm	73
4.6	Social constructivist paradigm	73
4.7	Critical theory paradigm	74
4.8	Summary.....	74
Chapter 5	: Research Methodology.....	75
5.1	Introduction.....	75
5.2	Case and unit of analysis	76
5.3	Selection of the case study areas	78
5.4	Data sources	79
5.4.1	Documentation.....	81
5.4.2	Archival records.....	81
5.4.3	Interviews.....	81
5.4.4	Direct observation	87
5.5	Fieldwork procedures and challenges	87
5.5.1	Ethiopian federal system	88
5.5.2	Federal level	89
5.5.3	Regional and district level	93
5.5.4	Investor companies	97
5.5.4.1	Saudi Star Agro Development PLC	98
5.5.4.2	Ruchi Agri PLC	99
5.5.4.3	Toren Agro Products PLC.....	100
5.5.4.4	BHO BIO Products PLC.....	100
5.5.4.5	Karuturi Agro Products PLC.....	102
5.5.4.6	Shaporji (S&P) Energy Solution PLC.....	103
5.5.5	Communities	103
5.6	Research ethics and positioning	107
5.7	Analysis	108
5.8	Summary.....	110
Chapter 6	: Case Study Description	112
6.1	Introduction.....	112
6.2	Gambella regional state.....	113
6.3	Benshanguel-Gumuz regional state.....	116
6.4	Case study projects.....	118

6.4.1	Karuturi Agro Product Plc	118
6.4.2	Saudi Star Agricultural Development Plc.....	123
6.4.3	Ruchi Agri Plc	128
6.4.4	Toren Agro Industries Plc	132
6.4.5	BHO Bio Products Plc.....	135
6.4.6	S&P Energy Solution Plc.....	138
6.5	Communities of the case study areas.....	140
6.5.1	Illia Community.....	140
6.5.2	Pukedi and Perbengo Communities	141
6.5.3	Wathgac Community	143
6.5.4	Ulleng/Pugnido Community	145
6.5.5	Gumuz Community.....	147
6.6	Summary.....	147
Chapter 7	: Investment Policy, Institutions and Land Lease Agreements	148
7.1	Introduction	148
7.2	Policies that support FDI in large-scale agriculture in Ethiopia	149
7.2.1	Rural development policy and strategies	149
7.2.2	Rural land administration proclamation.....	150
7.2.3	Investment proclamation	152
7.2.4	Growth and transformation plan	153
7.2.5	Education and training policy	154
7.2.6	Health policy and strategies	155
7.2.7	Infrastructure	156
7.2.8	Labour proclamation	157
7.2.9	Environmental policy.....	157
7.2.10	Social protection policy	159
7.3	Institutions that facilitate FDI in large-scale agriculture in Ethiopia.....	159
7.4	Practical challenges in implementing policies that support FDI in agriculture.....	161
7.5	Terms and conditions of the agricultural land lease agreement	166
7.6	Summary.....	167
Chapter 8	: Analysis.....	168
8.1	Introduction.....	168
8.2	Assessment of the agricultural projects against pro-poor and environmentally sustainable investment criteria	168
8.3	Implications of the low performance of the large-scale agricultural projects on pro-poor and environmentally sustainable investment	172
8.4	Summary.....	174

Chapter 9 : Conclusions and Recommendations.....	176
9.1 Introduction.....	176
9.2 Contribution to knowledge.....	176
9.3 Research questions.....	177
9.3.1 Did Ethiopia have prior experience in FDI in large-scale agriculture?	177
9.3.2 Is FDI in large-scale agriculture in Ethiopia supported by the current Ethiopian investment policy?	178
9.3.3 What role does the current investment policy play in directing FDIs in large-scale agriculture in Ethiopia to be pro-poor and environmentally sustainable?.....	178
9.3.4 What theoretical and methodological frameworks are appropriate for investigating pro-poor and environmentally sustainable FDIs in Ethiopia?.....	179
9.3.5 What analytical frameworks are appropriate to assess investment policy that promote pro-poor and environmentally sustainable FDI in agriculture?	180
9.3.6 What cases in Ethiopia can be investigated in order to assess Ethiopian investment policy's support to FDI in large-scale agriculture as well as its promotion of pro-poor and environmentally sustainable investments?	180
9.3.7 How does the Ethiopian investment policy compared to accepted and relevant frameworks and guidelines?	181
9.3.8 What generalized conclusions can be drawn from these cases with regard to the primary research question?.....	181
9.4 Summary.....	181
9.5 Further research	182
References.....	184
Appendices.....	207
Appendix 1: Ethics Forms	207
Appendix 2: Sample Interview Questions – Government at Federal Level	208
Appendix 3: Sample Interview Questions – Government at Regional and District Levels	223
Appendix 4: Sample Interview Questions – Foreign Investors.....	224
Appendix 5: Sample Questions for Focus Group Discussions – Village Level	225
Appendix 6: Interviewees.....	226
Appendix 7: Qualitative Assessment of the Case Studies on Pro-poor and Environmentally Sustainable Investment	229
Appendix 8: Lists of Documents	242
Appendix 9: Plagiarism Declaration	246
Appendix 10: Direct Observation of Agricultural Projects' Sites	247

List of figures

FIGURE 1-1: FOREIGN INVESTMENT FLOWS AND STOCKS IN SSA.....	22
FIGURE 1-2: PERCENTAGE DISTRIBUTION OF TOTAL LAND AREA UNDER FDI IN AGRICULTURE IN SSA.....	24
FIGURE 2-1: POLICY PHASES TO SUPPORT AGRICULTURAL TRANSFORMATION IN TODAY’S AGRARIAN ECONOMIES	32
FIGURE 2-2: INVESTORS AND TARGET REGIONS/COUNTRIES IN AGRICULTURAL LAND INVESTMENT, 2006-2009	45
FIGURE 2-3: THE LINK BETWEEN GOVERNANCE AND RURAL DEVELOPMENT	50
FIGURE 3-1: FDI'S NET INFLOWS TO ETHIOPIA FROM 1977-2013	65
FIGURE 5-1: ADMINISTRATIVE MAP OF ETHIOPIA.....	77
FIGURE 5-2: APPROVAL PROCEDURE FOR DATA COLLECTION AT FEDERAL LEVEL	93
FIGURE 5-3: CASE STUDIES PROJECT AREAS IN GAMBELLA REGIONAL STATE OF ETHIOPIA	95
FIGURE 5-4: APPROVAL PROCEDURE FOR DATA COLLECTION IN GAMBELLA REGIONAL STATE	97
FIGURE 5-5: LOCATION OF THE CASE STUDIES REGIONS IN ETHIOPIA	98
FIGURE 5-6: UNFINISHED IRRIGATION CANAL OF SAUDI STAR AGRO DEVELOPMENT PLC	99
FIGURE 5-7: CHECKPOINT OF BHO BIO PRODUCTS PLC.....	101
FIGURE 5-8: SHOWS THE LOCALITIES OF BHO BIO PRODUCTS PLC	102
FIGURE 5-9: PERBENGO COMMUNITY, ADJACENT TO SAUDI STAR FARM, WORKING AT THEIR FARMS USING PRIMITIVE TOOLS.....	104
FIGURE 5-10: APPROVAL PROCEDURE FOR FOCUS GROUP DISCUSSION WITH COMMUNITY	105
FIGURE 5-11: THE SITUATION (DUSK AND FOREST) WHEN THE VEHICLE BROKEN-DOWN	106
FIGURE 5-12: CROSS-CASE ANALYSIS AND ANALYTICAL GENERALIZATION TO THEORY ON ETHIOPIAN INVESTMENT POLICY SUPPORT TO PRO- POOR AND ENVIRONMENTALLY SUSTAINABLE FDI IN LARGE-SCALE AGRICULTURE IN ETHIOPIA.	110
FIGURE 6-1: TOTAL NUMBER OF FOREIGN INVESTORS IN LARGE-SCALE AGRICULTURE IN ETHIOPIA AS AT DECEMBER 2014.....	112
FIGURE 6-2: TOTAL SIZE OF LARGE-SCALE AGRICULTURAL LAND LEASED BY FOREIGNERS IN ETHIOPIA IN DECEMBER 2014	113
FIGURE 6-3: LOCATION OF GAMBELLA REGIONAL STATE IN ETHIOPIA.....	114
FIGURE 6-4: GAMBELLA’S POPULATION DENSITY IN 2008	114
FIGURE 6-5: INDIGENOUS PEOPLE ADJACENT TO THE CASE STUDY PROJECTS IN GAMBELLA REGIONAL STATE.....	116
FIGURE 6-6: BENSHANGUEL-GUMUZ REGIONAL STATE MAP AND LOCATION IN ETHIOPIA	117
FIGURE 6-7: BENSHANGUEL-GUMUZ POPULATION DENSITY IN 2007	117
FIGURE 6-8: LOCATION OF FLOOD AFFECTED AND DISPLACED AREAS IN JIKAO AND ITANG SPECIAL DISTRICTS OF GAMBELLA REGIONAL STATE	121
FIGURE 6-9: KARUTURI'S AGRICULTURAL PROJECT FLOOD PROTECTION STRUCTURE (DYKE)	122
FIGURE 6-10: SURROUNDINGS OF SAUDI STAR AGRICULTURAL PROJECT IN GAMBELLA REGIONAL STATE	124
FIGURE 6-11: SAUDI STAR FARM'S TEMPORARY IRRIGATION CANAL	126
FIGURE 6-12: SAUDI STAR RICE HUSKING FACTORY WORKERS ON DUTY WITHOUT PROTECTION EQUIPMENT	127
FIGURE 6-13: SAUDI STAR RICE FARM WITHOUT WINDBREAK TREES	128
FIGURE 6-14: IMPROPERLY STORED AGRO-CHEMICALS IN METAL CONTAINER	128
FIGURE 6-15: SHEA TREE AROUND RUCHI FARM	129
FIGURE 6-16: SURROUNDING OF RUCHI’S AGRICULTURAL PROJECT	129
FIGURE 6-17: SAVANNA GRASSLAND SURROUNDING BHO AGRICULTURAL PROJECT	137
FIGURE 6-18: IMPROPER STORAGE OF AGRO-CHEMICALS OF BHO AGRICULTURAL PROJECT	137
FIGURE 6-19: IMPROPER SOLID WASTE MANAGEMENT OF BHO FARM	138

FIGURE 6-20: UNTREATED LIQUID WASTE OF BHO AGRICULTURAL PROJECT	138
FIGURE 6-21: LOCATION OF S&P ENERGY SOLUTION PLC BIO-FUEL FARM	139
FIGURE 6-22: FARMING TOOLS USED BY THE COMMUNITIES ADJACENT TO SAUDI STAR COMMERCIAL FARM	142
FIGURE 6-23: WATHGAC KEBELE RESIDENTS AND THE VILLAGE SCHOOL ADJACENT TO BHO FARM	144
FIGURE 6-24: GRAZE LAND ADJACENT TO BHO FARM	145
FIGURE 7-1: PROCESS TREE OF FDIS IN LARGE-SCALE AGRICULTURE IN ETHIOPIA	161
FIGURE 8-1: TOTAL SCORE OF THE AGRICULTURAL PROJECT CASE STUDY FOR PRO-POOR AND ENVIRONMENTALLY SUSTAINABLE INVESTMENT	171
FIGURE 8-2: OVERALL SCORE OF THE AGRICULTURAL PROJECT CASE STUDY PERFORMANCE IN PRO POOR AND ENVIRONMENTALLY SUSTAINABLE INVESTMENT	171

List of tables

TABLE 2-1: CORE PRINCIPLES AND MEASURES TO ADVANCE PRO-POOR AND SUSTAINABLE FDI IN LARGE-SCALE AGRICULTURE.....	52
TABLE 2-2: POSITIVE AND NEGATIVE IMPACTS OF FDI IN AGRICULTURAL LAND	54
TABLE 3-1: SIMILARITIES AND DIFFERENCES OF INVESTMENT POLICIES OF IMPERIAL, MILITARY AND CURRENT REGIMES.....	66
TABLE 4-1: FOUR CATEGORIES OF SCIENTIFIC PARADIGMS AND THEIR ELEMENTS.....	70
TABLE 5-1: REGIONS WHERE FDI IN LARGE-SCALE AGRICULTURE EXISTED IN 2011	78
TABLE 5-2: SELECTED CASE STUDY REGIONS AND FOREIGN LARGE-SCALE AGRICULTURAL INVESTMENTS	79
TABLE 5-3: KEY INFORMANTS AT FEDERAL LEVEL	83
TABLE 5-4: KEY INFORMANTS AT REGIONAL LEVEL	84
TABLE 5-5: KEY INFORMANTS AT DISTRICT AND KEBELE LEVELS.....	84
TABLE 5-6: KEY INFORMANTS AT FOREIGN INVESTOR COMPANIES.....	85
TABLE 5-7: KEY INFORMANTS AT VILLAGE LEVEL	85
TABLE 8-1: QUALITATIVE ASSESSMENT OF THE AGRICULTURAL PROJECTS AGAINST PRO-POOR AND ENVIRONMENTALLY SUSTAINABLE INVESTMENT CRITERIA.	170

List of abbreviations

ADLI:	Agricultural Development Led Industrialisation
AfDB:	African Development Bank
AU:	African Union
AUC:	African Union Commission
AUSPFA:	African Union Social Policy Framework for Africa
BITs:	Bilateral Investment Agreements
CFS:	Committee on World Food Security
CGIAR:	Consultative Group on International Agricultural Research
CIA:	Central Intelligence Agency
EAIIAA:	Ethiopian Agricultural Investment Land Administration Agency
E&SAU:	Environmental and Social Affairs Unit
E&SIA:	Environmental and Social Impact Assessment
E&SMU:	Environmental and Social Management Unit
EAU:	Environmental Affairs Unit
EC:	European Commission
EGP:	Ethiopian Government Portal
EIA:	Environmental Impact Assessment
EIC:	Ethiopian Investment Commission
EMU:	Environmental Management Unit
EPRA:	Ethiopian Privatisation Agency
EPA:	Environmental Protection Authority
EPLF:	Eritrean People's Liberation Force
EPRDF:	Ethiopian People Revolutionary Democratic Front
EPZs:	Export-processing zones
ETIA:	Ethiopian Investment Agency
F&G:	Framework and Guidelines
FAO:	Food and Agriculture Organization of the United Nations
FDI:	Foreign Direct Investment
GAO:	Government Accountability Office
GDP:	Gross Domestic Product
GTP:	Growth and Transformation Plan

GRARDB:	Gambella Regional Agricultural and Rural Development Bureau
HIV/AIDS:	Human Immunodeficiency Virus Infection and Acquired Immune Deficiency Syndrome
HoA-REC/N:	Horn of Africa Regional Environment Centre and Network
ICESCR:	International Covenant of Economic, Social and Cultural Rights
IFAD:	International Fund for Agricultural Development
IOM:	International Organization for Migration
IWMI:	International Water Management Institute
LPI:	Land Policy Initiative
LUP:	Land Use Planning
MNEs:	Multinational enterprises
MoARD:	Ministry of Agriculture and Rural Development
MoE:	Ministry of Education
MoFED:	Ministry of Finance and Economic Development
MoH:	Ministry of Health
MoI:	Ministry of Information
MoLSA:	Ministry of Labour and Social Affairs
NPC:	National Planning Commission
PAs:	Peasant Associations
PCs:	Producers' Cooperatives
PLC:	Private Limited Company
PLUP:	Participatory Land Use Planning
PPESA:	Privatisation and Public Enterprises Supervising Agency
R&D:	Research & Development
RDPs:	Rural Development Policy and Strategy
SARs:	Severe Acute Respiratory Syndrome
SCs:	Service cooperatives
SEA:	Strategic Environmental Assessment
SIMP:	Socio-economic impact management plan
SNNPR:	Southern Nations and Nationalities of People
SSA:	Sub-Saharan Africa
TPLF:	Tigray People Liberation Front
TUAC:	Trade Union Advisory Committee

UCT:	University of Cape Town
UDHR:	Universal Declaration of Human Rights
UN:	United Nations
UNCTAD:	United Nations Conference on Trade and Development
UNECA:	United Nations Economic commission for Africa
UNEP:	United Nations Environment Programme
UNHCR:	United Nations Higher Commissioner for Refugees ()
USA:	United State of America
WHO:	World Health Organisation

Chapter 1 : Introduction

*Land was long considered less important than oil or mineral resources.
But now, with food prices having doubled on average from a year ago,
fertile land with access to water has become a strategic asset.*

Lennart Båge, President of IFAD, (The Middle East, February 2009, Issue 397, p.7)

1.1 Background

1.1.1 The importance of agricultural land in Africa

In most, if not all, African states, land occupies the centre of social, political and economic life. It also has important historical, cultural and spiritual meanings. Land and natural resources play a pivotal role in economic growth and development in African countries as many of them rely heavily on agriculture and natural resources for their GDP, employment, national food needs, and export revenue (UNECA, 2006). About 60% of the African population rely on farming and livestock production for their livelihood and income. In developing nations, such as Africa, millions of women are engaged in farm work and contribute to family food security and nutrition, supplementary incomes, national agricultural output, and the natural environment (Hanstad et al, 2004; Gazdar and Quan, 2004; Quisumbing, 1994; AUC-AfDB-UNECA, 2010). In countries such as Ethiopia, the agricultural sector contributes about 45% of the gross domestic product (GDP), 86% of foreign currency earnings, 85% of employment, and 70% of raw materials for local industries (ETIA, 2013; EGP, 2016). In Africa, although there are plenty of fertile and high-value lands, population growth and development of the land market are creating pressure and competition on those lands (AUC-AfDB-UNECA, 2007). As evidenced in many African states, land rights allocated to and exercised by the State often clash with land tenure practices of citizens. As such, land tenure is insecure for many people in Africa. It is, in turn, a major problem in the development of large- and small-scale land-based investments (AUC-AfDB-UNECA, 2007).

1.1.2 Foreign direct investment in large-scale agriculture in Africa

Since the 1990s, the integration of developing countries in the global economy has increased mainly due to changing economic policies and the lowering of barriers to trade and investment (Athukorala, 2003). Between 1990 and 2007, the foreign direct investment (FDI) in-flows in the agricultural sector in Sub-Saharan Africa (SSA) have significantly increased (see Figure 1-1) due to the food import needs of populous emerging markets, growing demand for biofuel production,

and land and water shortages in investor countries (UNCTAD, 2009). Investor countries include Saudi Arabia, United Arab Emirates, Qatar, Bahrain, United Kingdom, Sweden, Denmark, Germany, China, South Korea, India, Malaysia, Singapore, Libya, Egypt, Djibouti and South Africa (Cotula, 2012; Brown, 2013).

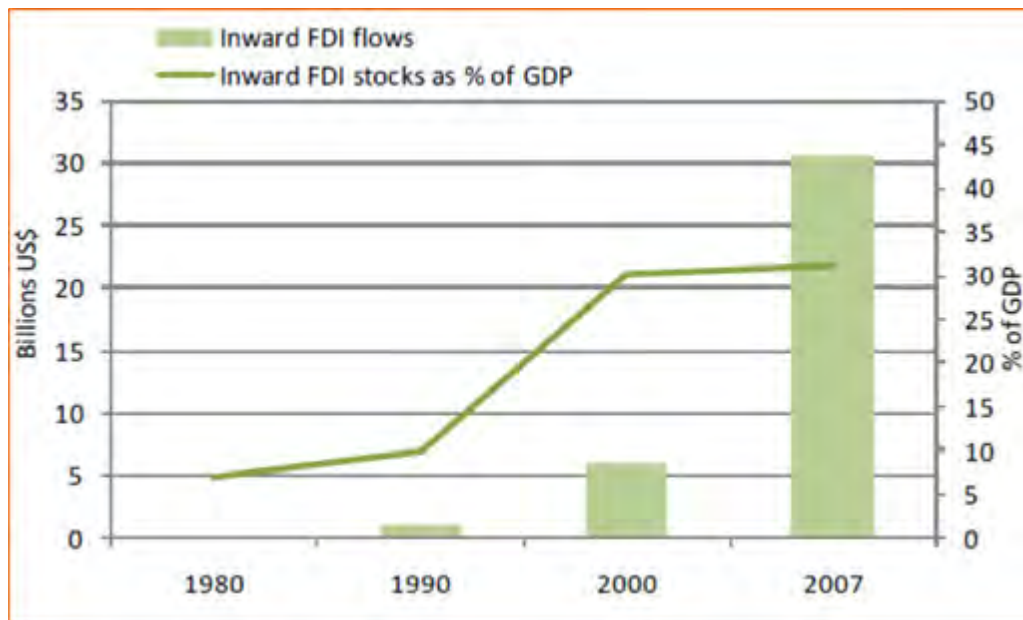


Figure 1-1: Foreign investment flows and stocks in SSA

Source: (Cotula et al, 2009, p 25, adopted in 2009)

Source: (Wouterse et al, 2011, p. 1, adopted in 2011)

The 2007 and 2008, global food and financial crises, that raised the price of agricultural products tremendously, led countries that import food to focus on food production through investing in agricultural land abroad. These countries' tactics are to secure food for the long term so as to be less dependent on the volatility of global food prices. The global financial crisis, which led to a collapse in equity and bond markets, strengthened the competitiveness of FDI in agricultural land due to the anticipated profits from agricultural commodities (Görge et al, 2009; Gerlach and Liu, 2010). Economic and financial crises have changed the FDI setting - i.e. investment in developing countries, mainly Africa, with arable land and usable water resources (Görge et al, 2009). These changes in the global environmental and economic situation have begun to impact Africa's land resources in new and significant ways. The demand for energy and rapid increase in FDI in agricultural land in Africa are the most noticeable reactions to these changes (Görge et al, 2009).

1.1.3 Different views on FDI in large-scale agriculture in Africa

1.1.3.1 Argument for FDI in large-scale agriculture

Scholars who argue for FDI state that it plays an important role in fostering economic growth, transferring technology, creating employment, supplementing domestic investment, increasing domestic competition, increasing wages, enhancing the capacity of people in developing countries and bringing other positive externalities (TeVelde, 2001; Kim, 2003; and Kim 2011). FAO (2001), Amani et al (2003) and Elibariki (2007) further substantiate FDI's important role in increasing productivity and agricultural growth, which are directly linked to improving the living conditions of the poor, by bridging the investment and technological gap faced by the poor. These scholars stress that in low-income countries the per capita decline of arable land, high production costs, and rapid population growth threatens the attainment of agricultural sector development. Hence, the FDI flow in the agricultural sector of these countries, especially those dependent on agriculture such as Ethiopia, is necessary to acquire the required agricultural inputs in order to increase productivity, achieve sustainable growth and poverty reduction.

1.1.3.2 Argument against FDI in large-scale agriculture

Scholars who argue against FDI claim that FDI in large-scale agriculture spells disaster for rural people and for the health of river systems (Oakland Institute, 2011). In Africa, about 70% of arable land has recently been taken over by foreign investors for agricultural production (World Bank, 2010). These investments have been taking place under the pretext of modernizing agriculture and expanding African economies (Steve, 2011). This has huge implications for other scarce land-based resources such as water. It removes the control and use of core natural resources from the local African people whose livelihoods were formerly dependent on these resources. This phenomenon is threatening the food security, water security, income and cultural integrity of local people (Steve, 2011). Large-scale land acquisition can also pose environmental risks such as biodiversity loss (AUC-AfDB-UNECA, 2011) and increased reliance on aid (Oakland Institute, 2011).

1.1.4 FDI in large-scale agriculture in Ethiopia

The Ethiopian government advocates for FDI in large-scale agriculture. It firmly believes that FDI will support the expansion of production in order to secure food for the country. It is also envisaged to provide employment, transfer technology to smallholder farmers, develop

infrastructure, boost export of agricultural products and increase foreign earning (MoFED, 2003). Many donors, particularly the World Bank, have pushed the Ethiopian government to favour agricultural commercialisation (World Bank, 2010). Investors of export crops, mainly foreigners, have been encouraged through tax incentives, as well as priority access to land and water sources for irrigation, compared to investors for the domestic market (ETIA, 2013). In September 2010, the exchange rate was devalued by 20% mainly in order to improve export competitiveness for agricultural products. It was expected that this, in turn, would bring more foreign exchange thus allowing the government to import goods necessary to advance industrialisation (Lavers, 2012). Cotula et al (2009) reveal that since 2004 prime farmlands have been allocated to foreign investors in African countries including Ethiopia. This claim is also highlighted by the Ethiopian Investment Guide of 2013 which reveals that FDI in agriculture, manufacturing and service increased by 16% from 1992 to 2012. This significant increase was from 2007-2010 with 2008 being the year of highest increase in FDI (ETIA, 2013). The years 2007 and 2008 marked the global food and financial crisis (Görge et al, 2009). The current major foreign investors in agriculture in Ethiopia are India, Saudi Arabia, and Turkey (EAILAA, 2014). Figure 1-2 shows the percentage distribution of FDI in SSA to produce agricultural products such as food crops, biofuels, and cotton (AMCOW, 2014).

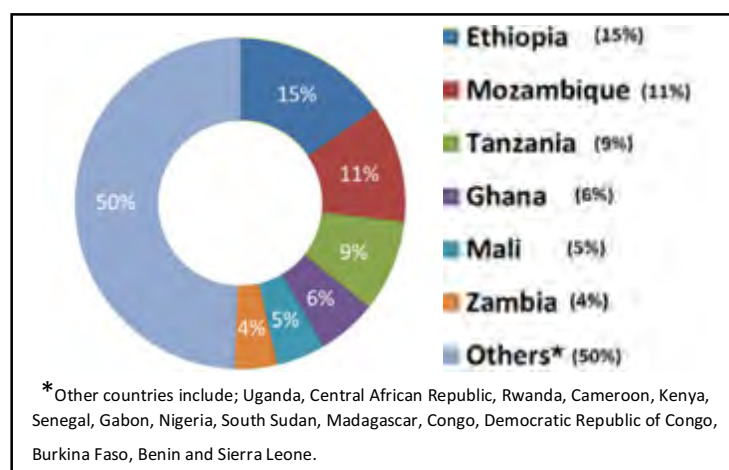


Figure 1-2: Percentage distribution of total land area under FDI in agriculture in SSA

Source: (AMCOW, 2014, p. 2).

Cotula (2012) argues that the Ethiopian land lease price is very cheap compared with other countries in Asia. For instance, in Ethiopia, an acre of land can be leased for less than US\$1 per year while in Asia it costs more than US\$100. The Oakland Institute report of 2011 reveals that

the Ethiopian government has not put in place mechanisms to ensure that these investments play a positive role in improving food security, transferring technology and improving the living standards of local people, especially those of smallholder farmers. The report also states that there are no limits on water use, no environmental impact assessments (EIAs), and no environmental controls. The report claims the displacement of residents from farmland is widespread, and the vast majority of these displaced people receive no compensation. The report concludes that these investments are not being carried-out in a way that safeguards the social, environmental, and food security needs of the local populations. Furthermore, the report highlights the huge discrepancies between publicly-stated positions, laws, policies and procedures, and what is actually happening on the ground (Oakland Institute, 2011). This concern is echoed by Rahmato's (2011) study.

1.2 Statement of the problem

The government of Ethiopia strongly advocates for FDI in large-scale agriculture so as to advance agricultural transformation which is the ultimate goal of the government. At the same time, critics say that these investments are not pro-poor or environmentally sustainable. The existing studies on this issue do not provide detailed data on the extent, nature, and impacts of these investments in Ethiopia. The available data lack sufficient detail to determine whether these investments are environmentally, socially and economically viable or not. This could be due to the fact that the investments are occurring at a fast pace, especially after the 2007 global food crisis which was followed by a financial crisis. It could also be that the issue is politically sensitive and confidentiality issues hinder access to data. This information gap on the FDI in large-scale agriculture in Ethiopia demands an in-depth study on the extent and impact of these investments in Ethiopia.

This research seeks to conduct an in-depth study on FDI in large-scale agriculture in Ethiopia with the view to enable the investments to be pro-poor and environmentally sustainable, as well as to advance Ethiopia's development agenda. The results of the study inform those interested in improving FDIs in large-scale agriculture in Ethiopia while contributing to the body of knowledge in this area.

1.3 Objective

The overall objective of this research is to ascertain whether FDIs in large-scale agriculture in Ethiopia are pro-poor and environmentally sustainable. The specific objectives are:

- to critically examine the nature and history of FDI in large-scale agriculture in Ethiopia;
- to investigate whether the Ethiopian investment policy supports FDI in large-scale agriculture. If not, to identify the current policy avenues for FDIs in large-scale agriculture in Ethiopia;
- to examine the mechanisms put in place to involve local communities in this process; and
- to propose solutions based on the findings.

1.4 Research questions

Primary research questions

1. Did Ethiopia have prior experience in FDI in large-scale agriculture?
2. Is FDI in large-scale agriculture in Ethiopia supported by the current Ethiopian investment policy?
3. What role does the current investment policy play in directing FDIs in large-scale agriculture in Ethiopia to be pro-poor and environmentally sustainable?

Embedded research questions

The under-listed questions should be answered first in order to answer the primary research questions.

4. What is the nature and history of the FDI in large-scale agriculture in Ethiopia?
5. What theoretical and methodological frameworks are appropriate for this research?
6. What analytical frameworks are appropriate to assess investment policy in agriculture?
7. What analytical frameworks are appropriate to assess pro-poor and environmentally sustainable FDI in agriculture? How adequate are they vis-à-vis this research perspective?
8. What cases in Ethiopia can be investigated in order to assess Ethiopian investment policy's support to FDI in large-scale agriculture as well as its promotion of pro-poor and environmentally sustainable investments? How do these cases compare against frameworks identified in research questions 6 and 7.
9. How does the Ethiopian investment policy compare to accepted and relevant investment policy frameworks and guidelines?
10. What generalized conclusions can be drawn from these cases with regard to the primary research questions?

1.5 Theoretical framework

This research investigates and critiques different theoretical frameworks that are applied for knowledge generation in order to select the appropriate paradigm to this research. In particular, the approach should be suitable to deal with the social world where FDI in large-scale agriculture is dynamic and involves socio-economic and political aspects (see chapter 3). These paradigms include Dunning's eclectic approach, positivism, social constructivism, critical theory, and critical realism (Sanfilippo, 2010; Cleeve, 2009; Rugman, 2010; Denzin and Lincoln, 2005; Robson, 2002; Roux and Barry, 2009; Healy and Perry, 2000; Cresswell, 2003; and Krauss, 2005). The research identifies the critical realism paradigm to be appropriate for this research (see section 3.2).

1.6 Research methodology

This research analyses previous studies on FDI and land tenure. It identifies the relevance of the case study research method to this research that is an in-depth study on FDI in large-scale agriculture in Ethiopia (see section 2.5). Case study methodology is suitable for such in-depth investigations (Yin, 2003). In addition, case study methodology is compatible with the critical realism paradigm which is the philosophical ground of this research, and has been used to good effect in this combination by Whittal (2008) as well as Mabesa and Whittal (2011). This research is cognizant of the limitation of case study methodology for reliability and generalizability if a small number of cases are applied. Multiple case studies are, therefore, used in this research to ensure the conclusions are more robust and can be more confidently generalized (see section 4.2).

1.7 Research ethics and positioning

The researcher was born and brought up in Ethiopia and is knowledgeable of the Ethiopian political, socio-economic, cultural and environmental conditions as she currently resides in the capital city, Addis Ababa. With her employment at the United Nations Economic Commission for Africa (UNECA), she has been involved in reviewing the various Ethiopian policies and strategies designed to reduce poverty and advance sustainable development. The researcher's training and work experience have been in public policy research and development programme planning. Hence, she has a good exposure to policy formulation and implementation and applying soft-system methodologies which are required to conduct case studies in FDI in large-scale

agriculture. Section 5.6 provides a more detailed description of the researcher's personal bias. This research is conducted independently of UNECA by the researcher in her personal capacity only.

1.8 Analysis

The results of the multiple case studies are assessed based on the established analytical frameworks for environmentally sustainable and pro-poor investments in agriculture (see section 2.6). In addition, the case studies of this research (i.e. the selected foreign agricultural investment projects) are used to assess the Ethiopian investment policy support for these investments in practice (see sections 6.4 and 7.4) as well as the involvement of communities in the process of these investments (see section 6.5).

1.9 Scope and limitations

This research is an attempt to respond to the criticism of FDI in large-scale agriculture in Ethiopia. The dominant critique argues that the investments are not pro-poor and environmentally sustainable with negative results such as loss of livelihoods and bio-diversity (Cotula and Vermeulen, 2009; Oakland Institute, 2011; Rahmato, 2011; Cotula 2012). At the same time, the Ethiopian government encourages FDI in large-scale agriculture so as to advance agricultural transformation (MoFED, 2003). This research is also an attempt to identify a policy avenue for pro-poor and environmentally sustainable FDIs in large-scale agriculture in Ethiopia. In this regard, it is worth clarifying from the outset the material that is not pertinent to this research and that this study is therefore not covering. It does not use econometric models and apply economic analyses. The research focuses only on the social and environmental impacts of the FDI in large-scale agriculture in Ethiopia.

1.10 Contribution to knowledge

The study identified the knowledge gap in the extent, nature and impacts of FDI in large-scale agriculture in Ethiopia. Hence, it bridges this knowledge gap through its in-depth study of this phenomenon. The study identifies investor countries' projected population growth data which is compounded with the scarcity of land-based resources, and the continuous price increase of agricultural products to be the core determinant variables of FDI in large-scale agriculture. This is the contribution of this study to the FDI field. Studies on FDI have been focusing on the economic impact of FDI, but this study's focus is on the social and environmental impacts of FDI which has a bearing on the green-economic performance and this is a contribution to the body of knowledge

in FDI. It also identifies that studies on FDI have been dominated by an eclectic paradigm while land tenure studies have been inclined to a social constructivist paradigm. A critical realist approach, the philosophical ground of this research, has been the basis for studies on the cadastral system in South Africa and Lesotho (see Whittal, 2008; Mabesa and Whittal, 2011) and the customary land administration system in Ghana (Akrofi, 2013). This research is similarly based on a critical realist understanding in the study of FDI in large-scale agriculture in Ethiopia (see section 9.2).

1.11 Research outline

This research has nine chapters and is organized as follows to respond to the four main objectives of the research:

Chapter 2 presents various issues derived from a review of literature. The issues related to agricultural transformation, host country FDI policies and best practices, FDI in large-scale agriculture, environmental and social impacts of FDI, pro-poor and sustainable FDI in agriculture, community participation in decision making, research on analytical and methodological methods on FDI and agricultural land tenure, and institutional capacity to facilitate the operation of inward FDI.

Chapter 3 presents the trends of FDI in agriculture in Ethiopia in order to shed light on the nature and magnitude of FDI.

Chapter 4 describes the various theoretical frameworks that have been applied in land tenure and FDI related research. It justifies the appropriateness of the critical realist paradigm for this study. Chapter 5 introduces the chosen research methodology, data sources, and the data analysis methods.

Chapter 6 presents the case studies in detail with limited interpretation of the data.

Chapter 7 presents the assessment of the policies and policy-based proclamations that are designed to promote inward FDI in large-scale agriculture and facilitate its operation. It also discusses the implementation of these policies including the agricultural land lease agreement and the principal investment promotion institutions.

Chapter 8 analyses the case narratives using the criteria for pro-poor and environmentally sustainable FDI in agriculture. Cross-case analyses were made to draw a general conclusion on the support of the investment policy to FDI in large-scale agriculture.

Chapter 9 summarises the research conclusions in accordance with the research questions. This chapter also makes recommendations for further research.

Chapter 2 : Literature Review

2.1 Introduction

Chapter 1 presented the objective of this research and the research questions. This chapter presents the review of previous research of relevance to this investigation so as to identify methods and results which have a bearing on research design. Hence, research on similar research questions, research on the use of case study methods as well as analytical methods are reviewed. This research focuses on FDI in large-scale agriculture in Ethiopia. This focus entails the review of economic, social and environmental policies and strategies that are designed to facilitate agricultural transformation in an environmentally sustainable and socially responsible manner (see chapter 7). This chapter is, therefore, a review of the literature on FDI and large-scale agriculture with a focus on agricultural transformation, types of FDI, determinants of inward FDI, host country FDI policy, investment incentives and their effective application, and local content requirements.

2.2 Agricultural transformation

It is in the agricultural sector that the battle for long-term economic development will be won or lost. Gunnar Myrdal, Nobel Laureate in Economics

Timmer (1988), Todaro (2000), Tsakok (2011), Lobao et al (2001) and Economifakta (2013) argue that the process of agricultural transformation starts when agricultural productivity per worker increases which, in turn, creates a surplus that can be utilized to develop the non-agricultural sector. As such, different strategies and farming techniques¹ were used to enable agricultural transformation in areas such as North America, Western Europe, and Japan. The strategies include investing in transportation and communication infrastructure in order to expand market access for agricultural products and services and to sustain its development; expanding transportation and communication infrastructure development companies to absorb the excess farm labour force; and locating labour-intensive light industries in rural areas to create employment and income to the excess farm labour force. The authors highlight the importance of knowing the stages and period of time over which agricultural transformation takes place. For instance, in Western Europe, Japan, and North America, the agricultural transformation started from subsistence to diversified family agriculture to specialized commercial farming. This process took more than a century.

¹ The farming techniques applied include biological-chemical (i.e. hybrid seeds, fertilizers and pesticides) and mechanical innovations.

Dorward et al (2003) and Jenkin (2011) have a similar view in the three phases of the agricultural development process leading to agricultural transformation. The authors emphasize the critical role of government in creating a conducive environment for transformation such as the provision of effective agricultural research, extension programmes, as well as economic and social infrastructures (see Figure 2-1). Dorward et al (2003) further show the evidence from India where the government invested in fertilizer subsidies, roads, agricultural research, and granted credit subsidies that led to high agricultural growth and poverty reduction. This confirms the importance of strictly adhering to the policy phases. The authors criticize the current conventional policy in most SSA countries that attempt to move straight from phase 1 to phase 3 and overlook the government intervention (i.e. transaction cost subsidies) in phase 2 which is critical for agricultural transformation.

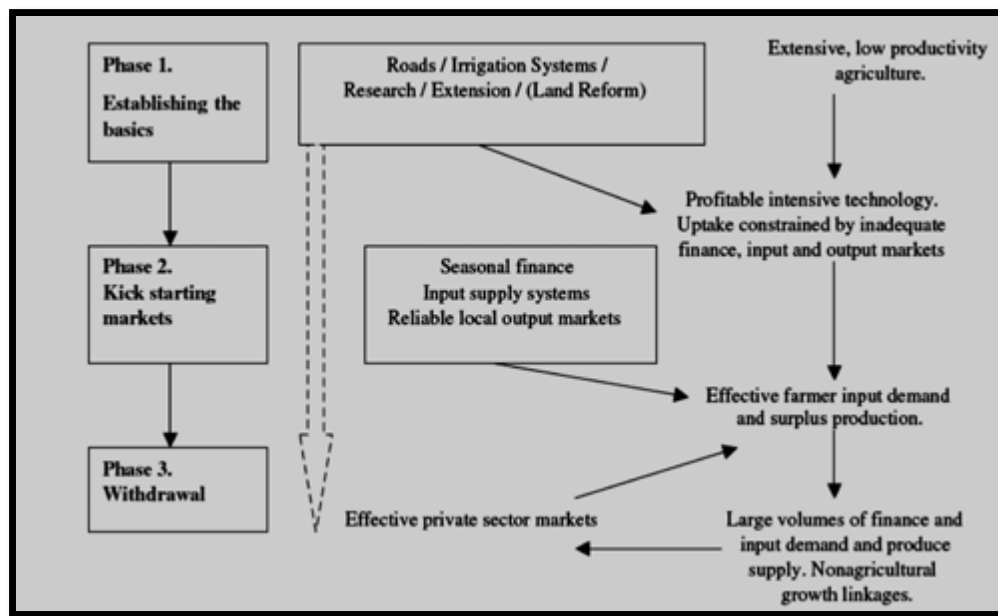


Figure 2-1: Policy phases to support agricultural transformation in today's agrarian economies

Source : (Dorward et al, 2003, p 82)

Timmer (1988), Todaro (2000) and Ekonomifakta (2013) stress the advantage of agricultural transformation in economic development such as increasing the supply of food for domestic consumption and higher rural incomes; releasing the surplus of labour for industrial employment; expanding the size of the market for industrial output; increasing the supply of domestic savings; and earning in foreign exchange. This argument is, however, challenged by the empirical findings

of Lobao et al (2008) that reveal the negative impacts of large-scale agriculture on community wellbeing if it is not regulated and strictly monitored by the government.

2.3 FDI and host country policies and best practices

2.3.1 Theories used in FDI research

FDI theory is based on several integrative theories such as international capital market theory, the firm theory and the theory of international trade (Popovici and Călin, 2014; Nayak and Choudhury, 2014). Nayak and Choudhury (2014) further elaborate the theories of FDI based on perfect competition, imperfect markets, and strength of investor's country currency. These theories are grounded by the FDI variables, namely ownership advantage, location advantage and internalize of operations (Dunning, 2000; Popovici and Călin, 2014; Nayak and Choudhury, 2014), this triumvirate O-L-I being called the eclectic paradigm (see section 4.4). Some scholars argue that the location theories, especially institutional variables, are the core of the investment decision-making process for inward FDI (Boman and Hellqvist, 2012; Popovici and Călin, 2014). These are elaborated in sections 2.3.2 and 2.3.3.

From the host country's stance, FDI is presumed to free up financial, goods and factor markets (Te Velde, 2001; Moosa, 2002) as well as it is the least volatile source of international investment for host countries (Lipsey, 1999). In addition, FDI is perceived as a means to channel resources to developing countries, as well as to play an important role in the economic transformation of these countries through its complements to domestic saving, increasing foreign earnings as well as increasing total investment in the host economy (Moosa, 2002). Nayak and Choudhury (2014) acknowledge that the theories of FDI have mainly focused on the movements of investment from developed countries to other countries, and it fails to capture the recent trend of investment from developing nations, such as India, to others.

FDI is assumed to transfer technology and know-how, as well as to facilitate access to export markets (Kim, 2003; Kim, 2011). These economic effects of FDI are widely recognized. Nowadays, the political, social and cultural effects of FDIs are becoming noticed, especially by citizens of the host country (Moose, 2002). These effects include a loss of national sovereignty due to its inherent influencing power, a creation of their own territories in the host country (i.e. symbolizes new colonialism and expansion of foreign elites in the host country), as well as insensitive attitude to the customs of the host country's local population (Moose, 2002).

Nayak and Choudhury (2014) stress that the theories of FDI have different approaches, but all of them have a common view that an investor moves abroad to reap the benefits of the advantages described by the Dunning's eclectic paradigm (see section 4.4).

2.3.2 Types of FDI

Dunning's OLI paradigm is widely accepted and enables foreign investors to decide where to invest (Dunning, 2000). Boman and Hellqvist (2012) emphasize further the location (L) dimension to be the most critical factor to determine where to invest while the ownership (O) and internalize of operations (I) dimensions are firm-specific factors. TeVelde (2001) concludes that a location advantage is not only related to access to natural resources but also the availability of skilled workforce, infrastructure, and local supply services.

Boman and Hellqvist (2012), and TeVelde (2001) distinguish inward FDI as seeking access to a natural resource, market, labour market efficiency, and innovation capacity. Each of them has distinct criteria. Boman and Hellqvist (2012) highlight that innovation capacity seeking FDI focuses mainly in developed countries. This claim is supported by Ireland's policy statement on FDI which states that Ireland is one of the most enterprise-aligned science, technology and innovation systems in the world (Ireland's Department of Jobs, Enterprise and Innovation, July 2014).

2.3.3 Determinants of inward FDI

2.3.3.1 Skilled labour, labour cost and infrastructure

Banga (2003) reveals that investors from developed and developing countries look for different locational advantages. The determinants to attract inward FDI from developed countries are large market size, availability of infrastructure and skilled labour while developing countries are attracted by the availability of lower cost of labour rather than skilled labour. The latter claim is refuted by Barrell and Pain (1996), Rodriguez and Pallas (2008), and Demirhan and Masca (2008) who emphasise the importance of a host country's labour productivity for FDI decision-making regardless of the FDI source country. Bartels et al (2008) are of the view that FDI is attracted by the availability of skilled labour rather than non-productive low labour cost. The authors reveal that unproductivity of labour is one of the reasons for the decrease in FDI inflows in SSA compared to other continents (from 9.55% in 1970 to 2.7% in 2006). However, Janicki and Wunnava (2004) argue that labour costs are the key determinant for inward FDI. Basu and Srinivasan (2002) reveal

that bilingual language environment and skilled and cheap labour force are one of the factors for the success of Mauritius in attracting FDI.

Many scholars argue that the availability of electric power, better communication and transportation infrastructure, as well as the governments of developing countries engaging directly in infrastructure programmes, play an important role in attracting inward FDI flows and facilitate its operation (Wheeler and Mody, 1992; Loree and Guisinger, 1995; Root and Ahmed, 1979; Fan, 2000; Clark, 2000; Cotton and Ramachandran, 2001; Kim, 2003; Addison and Heshmati, 2003; Kokko, 2003; Banga, 2003; Musila and Sigue, 2006; Dupasquier and Osakwe, 2006; Mengistu and Adams, 2007; Demirhan and Masca, 2008; Globerman and Chen, 2010; Hailu, 2010).

2.3.3.2 Political, social and economic stability and the regulatory and institutional framework

Bartels et al (2008) highlight that inward FDI is attracted by location-related factors such as political and economic stability, a strong regulatory framework, and government institutional capacity. A significant number of empirical studies confirm a positive relation between inward FDI and social stability and improved security (Bandelj, 2001; Baniak et al, 2002; Basu and Srinivasan, 2002; Kokko, 2003; Devereux and Sabates-Wheeler, 2004; Bartels et al, 2008; AU, 2008; Adato and Hoddinott, 2008; Mutangadura, 2009; Groh and Wich, 2009; Globerman & Chen, 2010; and UN, 2014).

Strengthening of government institutional capacity and delineating their responsibilities is important. This can enhance the sustainability, effectiveness and efficiency of services thus facilitating adequate operation of FDIs (Williamson, 1979; Killing, 1983; Fiszbein, 1997; Gow et al, 2000; Emery et al, 2000; Luo, 2002; and Masaba et al, 2013). North (1990) stresses the significance of quality institutions and also highlights the role of services such as formulating and enforcing contracts. This can positively impact economic activities through the low transaction and production costs. Globerman and Chen (2010) identify that it is very important for local institutions that promote FDI policies to educate foreign investors regarding FDI potential locations and specific economic advantages. They should also foresee potential bottlenecks in administrative procedures and addressing these proactively. Delays that may cause costs and risks for foreign investment could be thus minimized or avoided.

Groh and Wich (2009) conclude that economic activity, the legal and political environment, and the business environment are the key factors that determine inward FDI. This conclusion is further strengthened by findings of Basu and Srinivasan (2002) in FDI in Botswana, Namibia, Mauritius, Lesotho, Swaziland, Mozambique and Uganda. They claim that the success of these countries in attracting FDI is partly attributed to political, social and macroeconomic stability. The authors affirm the importance of these factors in attracting inward FDI rather than giving tax incentives which play an insignificant role in the FDI investment decisions. This view is backed-up by Abeasi (2003, p.42) who concludes that, in Ghana, incentives to attract FDI are not sufficient and they are only the “icing on the cake”. Abeasi (2003) argues that host country governments need to focus on macro indicators such as sound macroeconomic performance and strong institutions. Globerman and Chen (2010) state that subsidies and tax breaks do not promote FDI in the longer run; it could negatively affect any spill-over productivity effects from the investment. They also conclude that lower taxes mean reduction in the quality and quantity of public services and amenities since these services are paid from taxes. This in turn negatively affects FDI’s productivity once it is operational in the country.

This claim is challenged by Demirhan and Masca (2008) who conclude that low tax rates are one of the important elements to attract inward FDI to developing countries. Section 2.3.4 describes investment incentives and their effective application. The study by Chen et al (2015), however, calls attention to the determinant factors of FDI inflows that differ depending on sectors and regions.

2.3.3.3 Labour standards

There are two streams of literature on the relation between labour standards and FDI. The one stream argues that FDI is attracted where there are low standards of labour and environment “*Racing to the bottom*” (TUAC, 1995; Sarna, 2005; Javorcik and Spatareanu; 2005; Zampini, 2008; Davies and Vadamannati, 2011; Olney, 2013; the Economist, 2013). This argument is further elaborated by Olney (2013) who analyses the various types of FDI and concludes that labour intensive FDI is negatively and significantly affected by stricter labour standards compared to capital intensive FDI. This finding is further confirmed by Javorcik and Spatareanu (2005) who conclude that labour market flexibility matters more for FDI in labour intensive sectors than for those in capital intensive sectors.

The other stream argues that the bulk of the global FDI flows have been to countries with strong employment rights and strict labour market regulations as these are perceived to increase the labour market efficiency and improve the productivity of workers (Kucera, 2001; OECD, 2002; Daude et al, 2003; Allard and Garot, 2010). The OECD (2002) study substantiates further the arguments on the positive relation between stricter labour standards and FDI. The study recognises the existence of low labour standards and FDI in many developing countries, especially in the export-processing zones (EPZs). This argument is supported by Zampini (2008) who, in the mid-1990s, identified that the governments of Namibia and Zimbabwe lowered the core labour standards in the EPZ sector to attract FDI.

2.3.3.4 Environmental Standards

There are conflicting views on the relationship of FDI and environmental standards. The one view argues that environmental standards encourage inward FDI as they boost investors' confidence, increase their engagement, enhance their reputation, and the products are more easily accepted (UNCTAD, 1993; Esty and Gentry, 1997; Nordström and Vaughan, 1999; Revesz, 1994; Lall, 2000).

The other view argues that FDI is attracted to low environmental standards and lax environmental regulations "*the pollution haven or race to the bottom effect*" where FDI is increasing in countries that have low environmental regulation compared to home country regulations (GAO, 1990; Moline, 1993; Jha et al, 1999; Mabey and McNally, 1999; Van Beers et al, 1997; Lu and Huang, 2008).

The third view defuses both arguments. It claims that the rigidity or flexibility of environmental regulations in the host country is not a decisive factor for FDI decision-making (Gentry, 1999; and Zarsky, 1999). This claim is refuted by Klavens and Zamparutti (1995), and Picciotto (1999) who suggest that many firms consider environmental regulatory frameworks when deciding on the investment location.

2.3.3.5 Population health and FDI

Alsan et al (2004) report empirical evidence from 74 countries. This confirms that health of the host country's population significantly affects FDI inflows, especially for low-and-middle income countries. This finding further confirms the notion that health is an integral component of human capital in developing countries. The research of Bloom and Canning (2000) on the direct and

indirect impact of health on economic performance highlights the direct effect of health on workers' productivity as healthy workers are less likely to be absent from work because of illness compared to those affected by a disease. The argument on the indirect effect of health on economic performance is further described by Bhargava (2001) who finds this through its contribution to human capital such as education and work experience. Bhargava (2001) underscores that improved health is able to enhance student learning capacity, and healthy workers have lower rates of absenteeism and longer life expectancies that then enable them to acquire more job experience. This is confirmed by Bloom et al (2004) in East Asian countries. Their high rates of economic growth in the 1970s are mainly due to improved health that contributes to the rapid increase in labour supply and productivity. The significant relationship between a healthy and productive workforce and FDI inflows in developing countries is confirmed by Noorbakhsh et al (2001), Majeed and Ahmad (2008) and Tandon (2005).

A World Health Organisation (WHO) study on macroeconomic and health argues that a healthy labour force and access to health-care are dominant factors for attracting inward FDI due to the health effect on labour productivity, the investor's own health and that of their expatriate employees (WHO, 2001). The interrelationship between health, health-care systems and the economy is further substantiated by Ruger et al (2011). This is also noted by Bloom and Canning (2008) whose large amount of evidence emphasizes the effects of malaria on adults and the loss of working days that affects productivity.

Alsan et al (2004) show that the recent outbreak of Severe Acute Respiratory Syndrome (SARS) negatively affected China's FDI inflow but reversed once the outbreak was controlled. The authors further distinguish between an outbreak of diseases and lengthier epidemics such as Human Immunodeficiency Virus infection and Acquired Immune Deficiency Syndrome (HIV/AIDS) and malaria. They stress that the effect of outbreak disease on the FDI inflow is shorter but epidemics such as HIV/AIDS and malaria have a long-term effect on FDI inflow. This is substantiated by the study of Anyanwu and Yameogo (2015) that reveals the decline of FDI inflow to West Africa due to the deadly Ebola outbreak.

2.3.4 Host country FDI policy

There is a general basic assumption that the positive effects of FDI (i.e. economic growth, skill upgrading and capital) outweigh its negative effects (income inequality, environmental

degradation, and profit repatriation). This is, however, shown to be true only if appropriate inward FDI policies are in place and are executed consistently and effectively; this requires strong local institutions (TeVelde, 2001). AUC-AfDB-UNECA (2007) confirmed that the inconsistency of policy, especially pertaining to land tenure, is reflected in many African state policies resulting in conflict and an additional obstacle to agricultural investment. A study in seven African countries, conducted by Basu and Srinivasan (2002), concludes that a well-designed policy framework should be successful in attracting FDI into Africa and enabling host countries to reap the desired benefits. Sass (2003) reveals that Hungary's FDI policy to quickly build-up the local institutions is one of the success factors for the country's inward FDIs.

A host country's FDI policy should aim to improve the capacity of employees within institutions promoting FDI in order to serve FDI activities better. This could be in the form of contributing to formal and/or informal education and on-the-job training, or employing a relatively more skilled and educated workforce. Hence, the policy needs to identify the skill requirements of FDIs at different stages of their operations and to facilitate the required skills accordingly (TeVelde, 2001). The author stresses that host country policies and institutions should create location advantages, such as skilled workforce, infrastructure, and local supply services, in order to attract and make FDI productive and work for the development of a host country (see sections 2.3.1 and 2.3.2). This argument is confirmed by Sass (2003) in a study of Hungary's FDI policies that have been amended since the 1990s in order to match FDI's activities with the country's available skills.

Fan (2000), Kim (2003), Kokko (2003), TeVelde (2001), and Globerman and Chen (2010) underscore the importance of public policy, including government spending in infrastructure, education, training, and research and development (R and D). This plays a pivotal role in ensuring greatest productivity spill-overs and in influencing a favourable inward FDI environment.

Blyde et al (2004) and Sass (2003) further articulate that export-oriented FDI policy has a significant spill-over effect for domestic firms. However, Cheung and Lin (2004) are of the view that there is no significant relationship between export orientation and spill-over effects of FDI. Globerman and Chen (2010) suggest that geographical concentration matters for the quality of FDI as it encourages technology transfer and knowledge sharing between firms and increases FDI spill-over effect. TeVelde (2001) concludes that host country FDI policies need to ensure long-lasting

benefits of FDIs to the host country through the creation of direct and indirect linkages between FDIs and domestic firms (see sections 2.3.4 and 2.3.5).

2.3.5 Investment incentives and their effective application

Clark (2000), Taylor (2000) and Kokko (2003) stress the importance of investment incentives to attract inward FDI. Kokko (2003) argues that incentives have become vital due to globalisation and are effective in attracting FDI inflows, but their efficiency in bringing benefits to a host country, compared to the costs of providing incentives, are not yet clearly established as there are mixed empirical findings of the spill-over benefits from FDI. Kokko (2003) also reveals that some host country governments give generous incentives to attract FDI for political motives rather than to promote real local development.

Haaland and Wooton (1999) emphasise that potential host countries compete with each other to attract FDI. This may raise the level of incentives and benefits to foreign investors rather than to the host country. This claim is substantiated by Graymore (2003) who argues that the key causes for FDI's poor performance in the environmental and social domains are the competition between countries to attract FDI. The pressure to offer a favourable investor environment results in lowering social and environmental standards and also weak enforcement, especially where investors seek cheap labour costs and natural resources. This view is shared by Zarsky et al (1999) who state that host countries undermine their local/national environmental standards and their enforcement in order to compete globally to attract FDI.

TeVelde (2001), Kokko (2003) and Kim (2003) suggest effective application of incentives to enable host countries to benefit from FDI. Incentives should be designed to promote activities related to human resources development, research facilitation, and creation of linkages between foreign and domestic firms. Kokko (2003) stresses that incentives should be performance-based and should not be granted prior to investment.

2.3.6 Local content requirements

Kumar (2003) highlights the number of theoretical and empirical studies that show that the requirement for local content is one of the most common performance requirements imposed by host countries. This promotes the contribution of FDI to local income and employment generation by FDI as well as the transfer of technology and other spill-over effects. For example, Brazil, Mexico, and Thailand built highly competitive automobile industries by enforcing and monitoring

their local content requirements and export performance requirements for foreign automobile investors.

Kumar (2003) stresses that local content requirements are context-specific. Success depends on various factors such as clarity of policy objectives, the capability of the host government to enforce and monitor policy compliance, the absorptive capacity in terms of local workforce skills and the strength of domestic firms, and other locational advantages (Kumar, 2003). This claim is supported by Balasubramanyam (2003).

Picciotto (2003) highlights the role of Bilateral Investment Agreements (BITs) that are not only to give guarantees for FDI, but also allow a host country to regulate entry, impose conditions, and specify performance requirements to ensure inward FDI's contribution to economic and social development as well as environmental protection.

2.4 Research on similar research questions

Jimenez (2011) and Lv et al (2010) state that studies on the current trends of FDI in agricultural land in Africa are limited in number as this could be a new trend occurring at a fast pace. The review of the literature as part of this study also confirms this conclusion, specifically for Ethiopia. Hallam (2009) demonstrates the lack of detailed data on the extent, nature and impacts of foreign investments in agriculture in developing countries. This is due to the sensitivity of the issues surrounding these investments and the need for confidentiality. Country case studies are proposed to investigate the extent and impact of inward investments in order to fully comprehend the issues (Hallam, 2009). One of the objectives of this research is to critically examine the nature, history and impacts of FDIs in large-scale agriculture in Ethiopia with the view to bridge the information gap on this issue.

The findings of previous research on similar research questions to this study are presented below. However, none of these studies have looked at the role of policy in shaping FDIs in large-scale agriculture in Ethiopia and the policy implications for the poor and for environmental sustainability. This highlights a gap in knowledge and informs the objective of this study.

2.4.1 Research on FDI in large-scale agriculture

Hallam (2009) argues that FDI in agriculture in developing countries is not a new occurrence. This is confirmed by Brown (2013) who states that large scale agricultural investments with the foreign

investors being industrial countries to produce tropical products (such as sugarcane, tea, and bananas) have been practiced the past 150 years. However, the new trend of FDI in large-scale agriculture is to produce basic food (such as wheat, rice, corn, and soybeans) and bio-fuels to be exported to the investing country. In addition, this new type of foreign investment focuses on the acquisition of agricultural land rather than creating joint-ventures with local investors (Brown, 2013; Hallam, 2009). This argument is supported in the studies of Schüpbach (2014) and CGIAR (2014). Cotula and Vermeulen (2009) further elaborate on the recent increase of FDI in large-scale agriculture in Africa. They reveal that since the mid-2000s, large tracts of land have been allocated for foreign investors in Ethiopia, Ghana, Madagascar, and Mali. They further reveal that 1.6 million hectares (ha) of land, extendable to 2.7 million ha, has been earmarked by the government of Ethiopia for commercial farm investors (Cotula and Vermeulen, 2009).

Metcalf and Kepe (2008) argue that the recent increase of FDI in large-scale agriculture has the potential to contribute effectively to local livelihoods and may help to address the urgent need for food security in Africa. In addition, FDI in the agricultural sector could stimulate development and reduction of hunger. This argument is reinforced by Chari (2004) who highlights the benefits of FDI in agriculture. Chari (2004) stresses the importance of having an efficient and effective agricultural FDI policy in place. This could unleash latent potential and strengthen the host country's food security, improve livelihoods of the local community and safeguard the environment. Adequate institutions should be established to promote property rights and facilitate local community engagement when considering deals with investors in order to promote transparency and protect the environment (Chari, 2004).

There are, however, questions around these huge agricultural land deals especially regarding transparency and checks-and-balances, especially for state-owned land. These are important as the community's land use right is already insecure due to inaccessible registration procedures and legislative gaps (Cotula and Vermeulen, 2009; Metcalf and Kepe, 2008). Gerlach and Liu (2010) conducted case studies in Uganda, Mali, Madagascar, Sudan, Morocco, Ghana, Senegal, and Egypt. These reveal that the legal framework and procedures governing land acquisition, land registration, land use and the rights of smallholder farmers are generally unclear and lacking in transparency. Karlsson (2012) confirms the above claims and reveals that expropriation laws are generally ambiguous allowing governments misuse them to seize land and related properties for private investment purposes.

Cotula and Vermeulen (2009) as well as Metcalfe and Kepe (2008) argue that local community participation in the negotiations of these investments is absent and their interests in land, water, and other resources are not considered when agricultural lands are allocated for investors. They conclude that land has been leased to foreign investors without consulting with the local community. This conclusion is supported in a study by the Global Policy Forum (2012) that states that FDI in land may possibly be negotiated at the highest political level between the governments of investor and host countries. Djire et al (2012) confirm this in the case of the Malibya agriculture investment. The Libyan and the Malian governments agreed on Libyan investment in the Malian Niger Office Area to produce food for the Libyan population (Djire et al, 2012). FDI of the South Korean company, Daewoo Logistics, in Madagascar is an example of a private company involved in agreement with the government of Madagascar (Financial Times, 2008). The Saudi Arabian company, Saudi-Star, operating as a private investor in Ethiopia, is another example (Saudi Star's Land Rent Contractual Agreement, 2010).

Cotula and Vermeulen (2009) state that the approved and documented agricultural land deals in Ethiopia are leased and the duration ranges from short term to 99 years. The leased lands, recorded at the national investment promotion agency, are classified as “wastelands” with no prior users despite these lands have been used for seasonal cultivation and grazing. Cotula and Vermeulen (2009) reckon that the lands that are leased to investors are high-value lands with good rainfall or irrigation potential and high-quality soils.

Gerlach and Liu (2010) conducted case studies in Uganda, Mali, Madagascar, Sudan, Morocco, Ghana, Senegal, and Egypt. These show that the impact of FDI on host countries varies, as well as across locations within a country. It also shows that FDI has not generated the expected economic benefits such as employment creation, higher productivity, technology transfer and enforcement of production standards. The findings reveal that the primary purpose of the investment is to respond to food security in the investors' home country and to secure food supply in case food prices rise in the future, as they did in 2007 and 2008. In two of the studies, the findings reveal that the investment projects displaced local farmers who, along with the land, lost traditional income-generating activities. Gerlach and Liu (2010) conclude that the granting of land without undertaking the relevant studies and public consultations to ensure the social, environmental and economic feasibility of an investment project is a critical problem that is likely to have adverse effects on local communities.

Hallam (2009) states that foreign investment in agriculture in Africa, especially in SSA, involves complex and controversial economic, political, institutional, legal and ethical issues in relation to food security, poverty reduction, rural development, technology transfer and access to land and water. The rapid increase of interest in foreign investment in agricultural land in developing countries is of great concern to the international community and they have called for “responsible investment” and proposed international cooperation to secure it. Tran-Nguyen (2010) confirms the claim and argues that the agricultural products from FDI are not sold or valued by the global markets since they go directly to the investing countries. Hallam (2009) stresses that this arrangement raises several questions with regard to the investment benefits to the host country since the agricultural products are not valued at international prices. The study concludes that, with this arrangement, the benefit to the host country is little or non-existent since it is not sufficient to fully compensate for the loss of food production for domestic consumption, especially in many SSA countries where there are chronic food shortages and where FDI is targeted.

2.4.2 Investors in large-scale agriculture and target countries

Tran-Nguyen (2010) found that cash-poor low-income countries with arable land and usable water resources are the targets of foreign investors. Other studies distinguish the target countries as developing countries with low global market integration and export-oriented developing countries with established access to world markets (see Figure 2-2) (UNCTAD, 2009; FAO, 2009). The countries in Africa where investments take place include Ethiopia, Ghana, Sudan, Mozambique, Mali, Madagascar, Sierra Leone, Democratic Republic of Congo, Cameroon, Zambia, Angola, Tanzania, and Benin. The countries in Asia most associated with FDI are Cambodia, the Philippines, Indonesia, and Laos. Latin American FDI host countries are Argentina, Colombia, Brazil, and Bolivia. In Europe, Russia and the Ukraine are FDI hosts (Cuffaro and Hallam, 2011; Metcalfe and Kepe, 2008; Cotula and Vermeulen, 2009; Hallam, 2009; UCTAD, 2009; FAO, 2009; Tran-Nguyen, 2010).

The FDI in agricultural land is handled by private and state-owned companies originated from different countries such as USA, UK, Sweden, China, Arab Gulf States (Saudi Arabia, Kuwait, Qatar, and the United Arab Emirates), Libya, Egypt, India, Japan, and South Korea (see Figure 2-2). This map covers only confirmed deals that have been signed and some of which are implemented as at 2009 (UNCTAD, 2009).

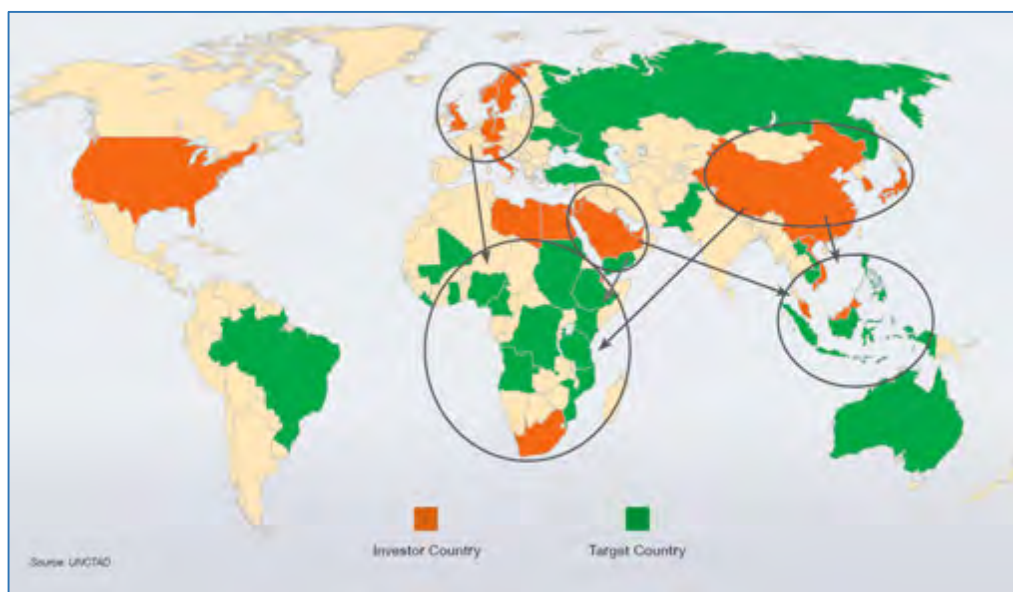


Figure 2-2: Investors and target regions/countries in agricultural land investment, 2006-2009

Source: (UNCTAD, 2009, Figure III.14, page 123. Adopted in 2009)

Source: (FAO, 2009, page 2. Adopted in 2009)

2.4.3 Drivers of FDI in agricultural land

Various studies indicate the main drivers for FDI in land to be economic drivers and political/strategic drivers. The economic drivers include: reducing import costs for food, increasing shareholder value because of rising food prices and emerging agro-fuel markets; securing future energy and food needs; and anticipating growing land prices. The political and strategic drivers include: meeting growing demand for food and agro-fuels; complying with international agreements such as the Kyoto protocol; and reducing the dependency on the world market for food and fuel (Gerlach et al, 2010; Global Policy Forum, 2012; Tran-Nguyen, 2010; Hallam, 2009; Nadikumana et al, 2008).

Furthermore, these studies reveal that the majority of FDI in land in low-income countries serves to secure food and energy for growing populations in the investing countries. Food security is found to be the main driver for (cash-rich) investing countries such as the Arab Gulf States which cannot produce enough crops to feed their population as they have critical water scarcity. In these countries, for instance, food price inflation has been a serious issue as it drives inflation in the wider economy (Tran-Nguyen, 2010). By 2030, the population of Gulf States is predicted to be

around 60 million compared to 30 million in 2000 thus exacerbating this driver of FDI in the future (Cotula and Vermeulen, 2009).

2.4.4 Social and environmental impacts of FDI in agriculture

De Schutter (2009) states that more FDI in rural areas of SSA can be particularly effective in reducing poverty, where it is concentrated. Liu (2004) further confirms the importance of agricultural investment in developing countries to ensure food and nutrition security, and reducing poverty. Hallam (2009) reaffirms the narrative on the potential benefits from FDI in agricultural lands, such as an increase in employment of the local people through contract farming or joint ventures with local communities. The author, however, reveals that the foreign investors in agricultural land fully own and control the projects. This is further confirmed by Tran-Nguyen (2010) who reveals that foreign investors often bring workers from home. Secondly, these kind of projects are generally capital-intensive and thus they do not generate much employment for the local smallholder farmers or landless peasants. Görgen et al (2009) stress that these negative social impacts of FDI in agriculture may lead to social tensions and increase urban poverty as the unemployed local farmers could immigrate to urban areas to look for work or to generate income. It can also lead to a loss of traditional cultural practices.

Many scholars argue that the environmental sustainability in agricultural production is a major issue in the context of large-scale FDI in agricultural land. Intensive agricultural production has a huge negative impact on biodiversity, forest, land, soil, and water resources. These adverse impacts in turn adversely affect the wellbeing of the local community (Görgen et al, 2009; De Schutter, 2011; Masaba et al, 2013; Lobao et al, 2008; Hallam, 2009; Williams, 2012).

Görgen et al (2009) and Hallam (2009) suggest the use of environmentally-friendly production methods, increase the quality standard for food production and reduce erosion by producing in formerly abandoned land and enhancing afforestation to pre-empt the negative impacts of large-scale agriculture on the environment.

The study of Lobao et al (2008) in 50 communities concludes that remote rural communities need a high level of government protection from the adverse impacts of commercial farming as the local government is weak to ensure the protection of local community's wellbeing.

2.4.5 Domestic law and agricultural investment contracts

A large number of scholars state that land tenure rights, water rights, environmental law, labour law on farms and other regulations in the agricultural sector are inadequate or non-existent in many developing countries (De Schutter, 2011; Masaba et al, 2013; Lobao et al, 2008; Williams, 2012; and Tran-Nguyen, 2010). Hallam (2009) and Tran-Nguyen (2010) show that the domestic law often lacks comprehensiveness and clarity, especially in protecting the interests of the local community, such as smallholder farmers and poor rural dwellers.

Hallam (2009) and Tran-Nguyen (2010) both stress that the legal framework, including agricultural investment contracts and agreements that are signed by both foreign investors and host governments, protects foreign investor interests rather than local community interests. They speculate that investment contracts are most probably designed by individual investor countries and firms and thereby indirectly change or ignore the domestic law in host countries. This claim is further substantiated by Görgen et al (2009) who reveal that the investment rules, especially BITs often serve investor interests over local community interests. Tran-Nguyen (2010) emphasizes that the legal implications of international investment contracts and treaties may restrict the government of a host country from taking measures to promote and protect rural communities and the natural environment.

2.5 Research on the use of case study research methods on FDI and land tenure

Robson (1993) identifies that the case study strategy enables a researcher to conduct an in-depth investigation of entities in order to gain further theoretical understanding and practical knowledge of a real world phenomenon. Robson (1993) states that case study method relies on multiple sources of evidence; data collection techniques including observation, interview and documentary analysis. This is supported by Yin (2003) who describes a case as a unit of study and it includes situation, individual, group, and organization where there is an interest. He further expresses that case study involves attention to matters of design, data collection, analysis, interpretation, and reporting. Yin (2003) differentiates between single case study and multiple case study strategy concluding that analytical generalisation to theory from the latter is more rigorous.

Hallam (2009), who reveals the lack of detailed data on the extent, nature and impacts of FDI in agricultural land in developing countries, affirms the appropriateness of country-level case studies

to bridge the information gap on the issue of FDIs in agricultural land. The AUC-AfDB-UNECA (2011) also confirms the practicality of case study methodology for research on land policy. Hough and Neuland (2000) also confirm the appropriateness of case study methodology for research on FDI. In a global review of methodologies applied in land tenure, use and policy, Cagdas and Stubkjaer (2008) review ten doctoral dissertations and find nine of them are multiple-case studies while one is single-case study. The authors justify these results since land tenure, use and policy relate as much to individuals, communities and institutions as they relate to land, and are shaped by political, social, and economic conditions. Cagdas and Stubkjaer (2008) conclude from the review that case study method is appropriate to evaluate or to compare land-related programmes and initiatives, and to document and analyse the processes and impact of these.

Ndikumana and Verick (2007) conducted multiple-case studies in order to identify the causes and effects of FDI in African economies from 1970 - 2005. The cases are in 38 SSA countries, including Ethiopia. The study focuses on the linkage between FDI and domestic investment and how FDI affects domestic factor markets and domestic investment. The authors confirm the suitability of the multiple case study method to answer their research questions and the design rigor of the study. Other scholars conducting research on FDI have also used case study research methods (Boman and Hellqvist, 2012; Kim, 2003; Banga, 2003; Bartels et al, 2008; Basu and Sirinivasan, 2002; Addison and Heshmati, 2003; and Sass, 2003).

2.6 Research on analytical methods

This study focuses on environmental sustainability and pro-poor FDI in large-scale agriculture in Ethiopia. It is paramount to establish suitable analytical frameworks for environmental sustainability and pro-poor investment in the context of this research. In addition, this study aims to assess the investment policy support for FDI in large-scale agriculture. This includes investigating the regulatory and institutional frameworks within which the FDI in large-scale agriculture is guided. It is, therefore, essential to establish a framework or frameworks that are appropriate to assess the adequacy of the Ethiopian investment policy.

2.6.1 Key elements to promote pro-poor and environmentally sustainable FDI in large-scale agriculture

Kakwani and Pernia (2000) and Grimm et al (2007) argue that a development is pro-poor when its strategy is intentionally biased in favour of the poor so that the poor benefit proportionally more

than the rich as opposed to the trickle-down development². The authors stress that growth is pro-poor when it absorbs labour and accelerates income growth among the poor.

De Schutter (2009), as well as Gordon and Pohl (2010), propose a minimum set of core principles and measures for host states and investors in order to foster pro-poor and sustainable FDI in agricultural land. Görgen et al (2009) identify economic, social-cultural and environmental factors as key indicators to measure sustainability and pro-poor investments. Similarly, several other studies conclude that participatory land use planning (PLUP) and EIA as an effective tool to ensure environmental, economic and social sustainability (FAO, 1993; Kikula et al, 1993; FAO, 1995; Lohani et al, 1997; UNEP, 2004; EC, 2006; De Wit and Verheye, 2009; GIZ, 2012).

Gordon and Pohl (2010) emphasize that promoting sustainable and pro-poor investment in agricultural land requires addressing issues such as core labour standards, resettlement of local populations, public sector transparency and environmental protection. That study also stressed the complex inter-connections between the public sector and investor responsibilities in this area – “reaping the full benefits of investment in agriculture involves responsible behaviour by both government and investors and effective coordination between the two” (Gordon and Pohl, 2010, p. 4).

2.6.1.1 Pro-poor and sustainable FDI in large-scale agriculture

Lyakurwa (2009) and Djurfeldt (2012) argue that pro-poor and sustainable agricultural investment can only be realized if the essential elements are in place. The elements include good governance that prioritizes poverty reduction, human development, productive employment, social integration and environmental protection (see Figure 2-3). Lyakurwa (2009) and Djurfeldt (2012) further stress the active participation of poor households as labourers, producers and service providers to attain pro-poor and sustainable agriculture and rural development. They also stress that pro-poor agricultural growth strategies identify the importance of staple versus non-staple crops, the role of the state and the level of market integration (i.e. national and global).

Briassoulis (2004) reveals that inter-governmental collaboration is dependent on favourable administrative culture (i.e. open, participatory), and absence of intra-governmental power relations. Meijers et al (2004), Majumdar (2006), and Thabrew et al (2009) further stress that

²Trickle-down development implies a vertical flow from the rich to the poor (i.e. the benefits of economic growth go to the rich first, and then the poor indirectly gain the benefits when the rich spend their gains)

intergovernmental coordination ensures consistency, coherence and comprehensiveness of the policies and practices of various sectors.

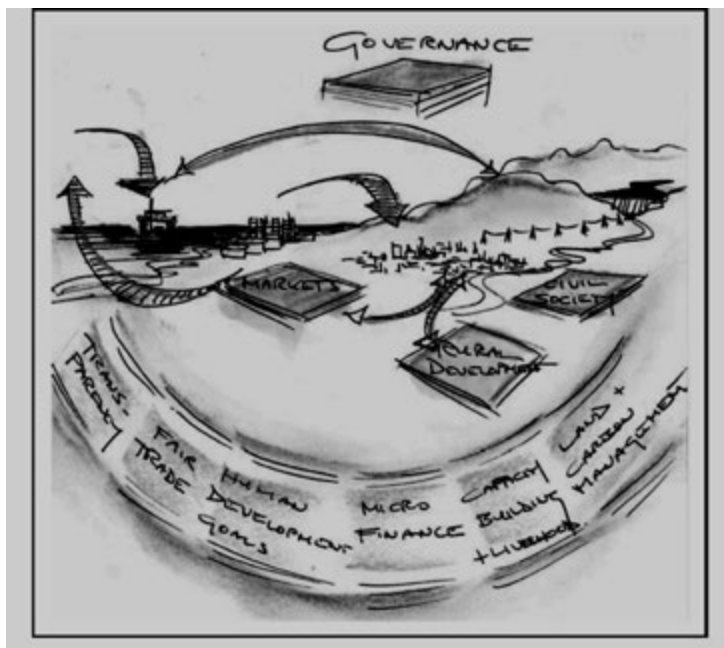


Figure 2-3: The link between governance and rural development

Source: (Lyakurwa, 2009, p. 75)

Masaba et al (2013) highlight that pro-poor and sustainable FDI in agricultural land address the needs of smallholder farmers and rural communities as well as improving their livelihoods and tenure security. The authors stress that pro-poor and sustainable FDI put in place mechanisms in which implementation of investment agreements are monitored regularly in order to ensure the anticipated benefits for local community are realized, as well as to assess the impact of investments on rural development. The authors argue that the business arrangement made between rural community and foreign investors is a determining factor to ensure the agricultural investment is pro-poor and sustainable. They conclude that an inclusive business model is required for pro-poor and sustainable agriculture and rural development (Masaba et al, 2013).

Many scholars reveal the significant importance of community participation in decision making to ensure the FDI in large-scale agriculture is pro-poor and environmentally sustainable (Storey, 1999; Lyakurwa, 2009; Curry, 1993; Persson, 2009; Warner, 1999; Yen and Luong, 2008; Irvin and Stansbury, 2004; Eguren, 2008; Masaba et al, 2013; Buccus et al, 2008). Storey (1999) and Curry (1993) argue that policies and programmes which regard the uniqueness of local social structure, economy, environment and culture are necessary but are not sufficient for successful

policy and programme implementation without community playing a role in policy and programme formulation.

Storey, (1999), Majumdar (2006), Meijers et al (2004), Briassoulis (2004), and Thabrew et al (2009) stress that intergovernmental coordination ensures consistency, coherence, and comprehensiveness of various sectors' policies and practices.

2.6.1.2 Minimum set of principles and measures to promote environmentally sustainable and pro-poor FDI in large-scale agriculture

The minimum set of core principles and measures to advance environmentally sustainable and pro-poor FDI in large-scale agriculture, proposed by De Schutter (2009), are relevant to this study's focus (i.e. pro-poor and environmentally sustainable agricultural investments). These core principles, modified to suit this research objectives, include the human right to food, the land use rights of indigenous people, the human rights of agricultural workers, and the rights of local people to participate in the negotiation of large-scale agricultural land leases as well as transparency and accountability in the use of revenues. Table 2-1 describes in detail the core principles and measures to promote environmentally sustainable and pro-poor FDI in large-scale agriculture.

TABLE 2-1: Core principles and measures to advance pro-poor and sustainable FDI in large-scale agriculture

Core principles	Measures to advance pro-poor and sustainable FDI
The human right to food	Host states should ensure the provision of access to productive land for the local population when leasing or selling land to investors. They should ensure food security for local population through investment revenues which will in turn be used to procure food in volumes equivalent to those which are produced for exports. They should ensure that a certain percentage of the crops produced shall be sold on local market.
	Host state and investor should agree on certain conditions, such as farming system and wages, based on which the investment should be made. This would ensure that the investment agreement is geared at contributing fully to the local livelihoods through providing access to labour opportunities and a living wage for the local people involved in the FDI.
	Host states and investor should ensure that the modes of agricultural production shall respect the environment and therefore investors should adhere to high environmental standards in their activities. This would promote sustainable agricultural practices and sustainable forest management which contribute to safeguarding the environment as there is a strong link between the state of the environment and food production.
The land use rights of indigenous people	Host state should ensure individual or collective registration in favour of local communities to secure all their land use and other land rights. This would guarantee that their citizen's land could only be leased or sold to investors with their free, prior and informed consent, and that they could be fully involved in future negotiations with potential investors. This would also protect the relationship between local communities and the land. In particular, indigenous people's distinct spiritual relationship with their land could be protected from forced removal and loss of other historical and traditional land rights.
The human rights of agricultural workers	The host state and investor should protect the fundamental human rights of agricultural workers. Specific labour rights such as working time, overtime pay, leave, and wages should be specified. The occupational health and safety standards in agriculture should be regulated and enforced.
The rights of local people to participate in the negotiation of large-scale agricultural land leases	The right to self-determination and the exploitation of natural resources imposes on host governments an obligation to protect individuals under their jurisdiction from being deprived of their access to productive resources due to the arrival of investors.
	The right to development – transparency and accountability in the use of revenues requires host governments to ensure the adequate participation of the local communities concerned by land leases, and that the decision-making process is fully transparent in order to ensure the long-term sustainability and success of investments. In addition, the right to development implies that FDI should contribute to local and national development in a responsible manner – i.e. social development, protection of the environment, and respect the rule of law and fiscal obligations in the host countries.

Source: (De Schutter, 2009, modified)

2.6.1.3 Fundamental principles to promote pro-poor and sustainable investment in agriculture

These fundamental principles to promote pro-poor and sustainable investment in agriculture, which are proposed by Gordon and Pohl (2010, p.4), include:

1. **land and resource rights:** existing rights to land and natural resources are recognized and respected;
2. **food security:** investments do not jeopardize food security, but rather strengthen it;

3. **transparency, good governance, and the enabling environment:** processes for accessing land and making associated investments are transparent, monitored and ensure accountability;
4. **consultation and participation:** those materially affected are consulted and agreements from consultations are recorded and enforced;
5. **economic viability and responsible agro-enterprise investing:** projects are viable economically, they respect the rule of law, reflect industry best practice and result in durable shared value;
6. **social sustainability:** investments generate desirable social and distributional impacts and do not increase vulnerability; and
7. **environmental sustainability:** environmental impacts are quantified and measures are taken to encourage sustainable resource use, while minimizing and mitigating their negative impacts.

2.6.1.4 Key indicators to measure sustainability and pro-poor agricultural investments

The key indicators to measure sustainability and pro-poor agricultural investments are derived from those proposed by Görgen et al (2009). They are modified to fit with this research objectives, include positive and negative impacts of FDI in agriculture (see Table 2-2).

Table 2-2: Positive and negative impacts of FDI in agricultural land

Relevant areas of FDI impacts	Positive Impact	Negative Impact
Economic	<ul style="list-style-type: none"> - Increasing productivity on agricultural land due to (a) better access to agricultural inputs such as seeds, fertilizer and capital; (b) applying technologies that raise yields and reduce postharvest losses; and (c) educating employees and farmers - Generating income by leasehold - Generating tax income by levy land taxes, and increased of employment - Improving infrastructure – i.e. building roads, investing in transportation and communication - Increasing agricultural exports due to increasing overall productivity and product quality - Transferring know-how and integrating the local economy into added value chains 	<ul style="list-style-type: none"> - Reduced food security in the target country when food crops are not available for local consumption – i.e. export or replacement with industrial crops - Biased distribution of benefits in favour of the investor or just some sectors of the local population, not alleviating poverty but fuelling social conflicts - Competition in land use for food, animal feed, and agro-fuels with the poor suffering from high prices for land and water resources - Increase of local and regional unemployment when applying capital intensive mechanization or importing labour from investor country - In water-scare areas, water availability for local farmers will reduce immensely
Social-cultural	<ul style="list-style-type: none"> - Improving living conditions and sustainable development by additional income possibilities in rural areas - Reactivation of abandoned land and value adding of underutilized land lead to income generation in rural areas - An increase in labour standards including wages, working hours, health insurance and other benefits - Better integration of local smallholder/family farmers - An increase in civil safety and political stability due to improved living conditions and a better integration of local small-size farmers 	<ul style="list-style-type: none"> - A strong competition for remaining land can invoke land conflicts, leading to civil and political instability - Reducing access to land and marginalization of small-size land owners has negative effects on any development geared towards the needs of the poor - Reduced access to land can lead to displacement of indigenous people or exclusion of rural communities and increase rural poverty, especially for women who are involved in crop production - Emigration of local farmers can increase social tensions and urban poverty. - A loss of inherent cultural habit may occur - Immigration of foreign employers can invoke social tension. Cultural and lingual divergences can also worsen social systems.
Environmental	<ul style="list-style-type: none"> - An increase in environmental-friendly production methods can take place if foreign investors import practices that are more sustainable compared to local ones due to a higher level of education and better technical capacities - A reduction of erosion can be invoked by producing on formerly abandoned land - Training local farmers in environmentally sound production can strengthen awareness for the underlying problems and it can have spill-over effects for other farms and lead as a kick-off for comprehensive natural resource management 	<ul style="list-style-type: none"> - Increase in erosion and worsen climate change by displacing forest areas and other land use changes, which result in high carbon stock releases - A loss in water availability and quality due to large-scale water use and use of pesticides and fertilizer - A loss in soil quality due to an unsustainable use of chemicals - A reduction of biodiversity may be caused by large scale monoculture production systems - Disruption of the local ecologic systems by introducing plants or species that are not part of the local biodiversity

Source: (Görget al, 2009, p21-24, modified)

2.6.2 Regulatory and institutional frameworks and guidelines to assess investment policy

There are global and regional frameworks and guidelines developed to support the formulation and implementation of national investment strategies, policies, laws, rules, and programmes for

effective agricultural sector development. These frameworks include the FAO voluntary guidelines on the responsible governance of tenure (FAO, 2012), the AUC-AfDB-UNECA Joint Land Policy Initiative's framework and guidelines (F&G) on land policy in Africa (AUC-AfDB-UNECA, 2010), and Guidelines for agricultural contracts (FAO, 2001; FAO 2004).

2.6.2.1 Global voluntary guidelines on the responsible of governance of natural resource tenure

These guidelines, endorsed by the Committee on World Food Security (CFS) at its thirty-eighth Session on 11 May 2012, address human rights and tenure rights through the provision of guidance to improve the governance of land tenure and other natural resources so as to achieve food security for all. The guidelines also encourage the achievement of the right to adequate food in the context of national food security, poverty eradication, sustainable livelihoods, social stability, rural development, environmental protection and sustainable social and economic development (FAO, 2012).

The guidelines spell-out the responsibilities of host country governments and foreign investors to recognize and respect human rights and legitimate natural resources tenure rights. The guidelines suggest that host country government should provide and maintain policy, legal and institutional frameworks that advance responsible governance of land and other natural resources tenure. The guidelines stress the adherence to the overarching principles to promote responsible governance of land tenure. The principles include human dignity, non-discrimination, equity and justice, gender equality, holistic and sustainable approach, consultation and participation, rule of law, transparency, accountability, and continuous improvement (FAO, 2012).

2.6.2.2 Regional framework and guidelines on land policy

The AUC-AfDB-UNECA Framework and Guidelines (F&G) on Land Policy in Africa (AUC-AfDB-UNECA, 2010) was endorsed by the AU Member States in 2009 through an AU Declaration on Land Issues and Challenges in Africa (AU Assembly, July 2009). It is designed to assist African policy and decision makers, practitioners and others in crafting efficient national land policies and programmes. The F&G stresses that land in Africa is a fundamental social and cultural asset as well as a critically important development resource, especially for the poor. It is, therefore, paramount to have a land policy that balances the rights and interests of all users, and ensures the inclusion of all members of society. In particular, women, persons with disability and other

landless poor should be included to enable them to realize full social, environmental and economic benefits from land which, in addition, enhances political stability and democratic institution building. Adequate land policy provides broader ranging prescriptions for the management of cross-cutting issues such as those advancing environmental sustainability and poverty reduction (AU Assembly, July 2009).

This F&G further stresses the emerging global strategic land-related issues that have significant impacts on Africa's land resources. These issues include changes in the global ecosystem, demand for energy supplies and rapid increase in FDI. To prevent the negative consequences of these emerging issues and to lead to pro-poor and sustainable FDI in agricultural land, the F&G urges host countries to put in place adequate policies to ensure the risks associated with these investments, in particular the risk of uncompensated loss of land rights by the poor, are avoided or effectively managed. For the majority of African societies, a land is considered as a social, cultural and ontological resource. Land policy development needs to address the social and cultural context of land, such as land and spirituality, if the objectives of the land policy are to be effectively implemented. The F&G urges African countries to ensure that financial and human resources are set aside to implement their land policy and other related policies, as well as to balance pro-poor priorities with market orientation (AUC-AfDB-UNECA, 2010).

2.6.2.3 Declaration on land issues and challenges in Africa

The African Union declaration on land issues and challenges in Africa (AU Assembly, July 2009) commits Heads of States and governments of the African Union to reaffirm the commitments they have made to poverty eradication. The declaration further commits the AU member states to recognize the centrality of land to sustainable socio-economic growth, development and the security of the social, economic and cultural livelihoods of the African people. It reaffirms their awareness of the rich heritage of Africa's land and related resources especially its unique natural eco-systems. It also reaffirms their cognizance of the need for strong systems of land governance based on the principles of sustainability to ensure preservation, protection and renewability of Africa's land and related resources (AU Assembly, July 2009).

The African governments also commit to review their land sectors with a view to developing comprehensive policies that take into account their particular needs and to build adequate human, financial, and technical capacities to support land policy development and implementation. The

African leaders recognise the need to develop strong systems of land governance that understand the diversity and complexity of the systems under which land and land-based resources are held, managed and used (AU Assembly, July 2009).

2.6.2.4 Guidelines for sustainable farming lease agreement

The FAO Good Practice Guidelines for Agricultural Leasing Arrangements (FAO, 2001; FAO, 2004) spells out the generic elements of a tenancy agreement. These include names of the parties, date of commencement, duration of the agreement, description of the property, rent, tenant's right to possession during the lease, use rights and responsibilities, upkeep of the land, condition of the land on return, arrangements for compensation, responsibility for paying taxes and other charges, the dispute resolution procedure, and a record of the agreement (FAO, 2001; FAO 2004). The Drake University Agricultural Law Centre's Landowner's Guide to Sustainable Farming (Cox, 2010) explains the key considerations for a sustainable farm lease agreement. The agreement includes tenure security, reimbursement for improvements, cost-sharing, risk-sharing, conservation provision, and communication and ecosystem services (Cox, 2010).

In addition, the Land for Good Organization's Landowner's Guide to Leasing Land for Farming (Land for Good Organization, 2012) recommends that a lease agreement should include clauses on insurance and liability, monitoring and reporting, and security deposit (Land for Good Organization, 2012). AUC-AfDB-UNECA Guiding Principles on Large-Scale Land-Based Investments in Africa (AUC-AfDB-UNECA, 2014) urges that the contracts entered into by government and communities with investors should identify the rights and obligations of all parties. It recommends that the identified rights and obligations should be formulated in specific and enforceable terms in order to facilitate compliance monitoring and sanctioning non-compliance (AUC-AfDB-UNECA, 2014).

2.7 Summary

This chapter presents and justifies the appropriateness of case study methodology to conduct research on land tenure, use, and policy, as well as research on FDI. It also presents the various analytical methods established to assess pro-poor and sustainable investments, including sustainable agricultural lease agreements and good land governance systems, as well as the findings of previous empirical studies on this research subject matter.

The literature review shows the critical role a host country investment policy plays in enabling FDI to benefit the host country. The role includes ensuring adequate legal and institutional frameworks are in place to ascertain the availability of economic and social infrastructures that are paramount to facilitate FDI operations and to make FDIs benefit the host country. The importance of equipping local institutions with the required bargaining/negotiation skills, including anticipating long-term risks of commercial farming, enables them to formulate and enforce appropriate investment agreements. These skills also enable them to regulate FDI operations, as well as enabling them to protect the community's wellbeing and to protect the natural environment from the adverse impacts of large-scale farming.

The investment policy of the host country should be progressive and should identify the country's level of development to match with FDI activities. The policy can be targeted to attract a few well-known investors in a specific investment area to match with the country's available resources such as investment promotion institutions, skilled workforce, and infrastructure. Once the country realizes the benefit of a more educated and skilled workforce, strong institutions, and adequate infrastructure, the investment policy could shift to increase the number of investors in the same area. This approach ensures the creation of direct and indirect linkages between FDIs and local businesses as well as long-lasting benefits of FDIs to the host country.

The incentives to attract FDI should be commensurate with the anticipated benefits. For instance, tax incentives reduce the government income that is used to pay for public goods and services. This, in turn, may reduce the quality and quantity of these goods and services. Investment promotion institutions need, therefore, to ensure incentives are designed and strictly executed to promote employment creation and provision of training for locals, as well as the creation of linkages with local farmers so as to outweigh the loss on incentives.

These arrangements require a great deal of time so as to attract inward FDI, facilitate its operations, and make the investment benefit the host country, especially local communities. It is vital for the host country government to harmonize its policies and their respective regulations and directives. Adequate investment policy and strategies are, therefore, paramount to shape socially- and environmentally-responsible and economically-beneficial FDI in large-scale farming, which is the last stage of agricultural transformation.

The literature review reveals that since the 2007 global food crisis, followed by the financial crisis, inward FDI in large-scale agriculture has increased at a fast pace in cash-poor low-income countries that have arable land and water, including Ethiopia (Tran-Nguyen, 2010). It also reveals the information gap in the extent, nature and impacts of these investments since the available data on these investments lack sufficient detail (Hallam, 2009). This claim further substantiated by the studies of Jimenez (2011) and Lv et al (2010) confirms the limited number of studies on FDI in agriculture.

Scholars such as Gerlach and Liu (2010) have conducted case studies in Uganda, Mali, Madagascar, Sudan, Morocco, Ghana, Senegal and Egypt. The result of these case studies suggests different impacts of FDI between these countries. It also suggests that the legal framework and procedures governing land acquisition are generally unclear and lacking transparency. Other scholars such as Cotula et al (2009), Rahmato (2011), Oakland Institute (2011) and Lavers (2012) have conducted studies on FDI in large-scale agriculture in Ethiopia and suggest these investments are not socially, environmentally and economically viable. However, these studies are not detailed enough to inform policy. Besides, none of these studies have looked at the role of policy in shaping FDIs in large-scale agriculture in Ethiopia and the policy implication for the poor and sustainability.

Hence, this research is to bridge this information gap through conducting an in-depth study on the nature and history of FDI in large-scale agriculture in Ethiopia, and on the current Ethiopian investment policy and practices of FDI in large-scale agriculture. This research also attempts to determine the current policy avenues for FDIs in large-scale agriculture to be pro-poor and environmentally sustainable, as well as advancing Ethiopia's development agenda (i.e. agricultural transformation). The result of the study may inform those interested in FDIs in large-scale agriculture in Ethiopia. The application of case study methodology and the use of a critical realist approach for research on FDI in large-scale agriculture in Ethiopia contributes also to the body of knowledge in the field. Furthermore, the policy recommendations to advance sustainable development in Ethiopia is contributing to knowledge in the FDI arena.

The next chapter presents the trends of FDI in agriculture in Ethiopia so as to shed light on the nature and magnitude of FDI.

Chapter 3 : Nature and History of FDI in Ethiopian Agriculture

3.1 Introduction

It is imperative to understand the historical account of FDI in agriculture in Ethiopia in order to adequately analyse the current trend of FDI in agriculture. The purpose of this chapter is, therefore, to present the trends of FDI in agriculture in Ethiopia which will shed light on the nature and magnitude of FDI. This will also provide a context in relation to Ethiopia's social and economic development milestones as well as the effect on Ethiopia of global economic and political shifts. This chapter covers the FDI history from 1930 to date. This is because, before 1930, the Ethiopian Empire was administered on a regional basis by local chieftains and provincial aristocrats. It was Emperor Haile Selassie I who managed to consolidate the Empire under one unified administration and ruled the country from 1930 to 1974 (MoI, 1964).

FDI in agriculture has a long history in Ethiopia and was first practiced during Emperor Haile Selassie I. The imperial regime was overthrown by a military coup in 1974. This military regime with communist ideology governed Ethiopia from 1974-1991. During this period, FDI was discouraged while state-owned large farms were promoted (see the Provisional Military Administration Council Proclamation of 1975 on government ownership and control of means of production as well as the declaration on economic policy of socialist Ethiopia, 1975). The current Ethiopian government, called the Ethiopian Peoples' Revolutionary Democratic Front or EPRDF, has been in power since the overthrow of the military regime in 1991. The EPRDF is quick to realize the failure of the military government's economic policy as well as recognising global political and economic shifts such as the end of the Cold-War (Turner, 1993). Along with many African and East-European countries, it reformed the economic policy and adopted a market-economy with the support of the Bretton Woods Institutions (Geda, 2006). The EPRDF government encourages FDI in agriculture which is evident from its agricultural and rural development policies and strategies (MoFED, 2003).

All the three regimes have acknowledged the importance of agriculture in the Ethiopian economy and advocated for agricultural sector development as the economic pillar of Ethiopia. However, the strategy applied to develop the sector varies between the military regime, that discouraged FDI in agriculture, and the imperial regime and the EPRDF government that encouraged FDI in large-

scale agriculture, and in the case of the current EPRDF government, still does so. Against such a background, the sub-sections that follow present an in-depth analysis of these three ideologically different policies towards FDI in agriculture, and reveal their similarities and differences.

3.2 FDI during the imperial regime: policies and practices

It was during the imperial regime that the modernization of Ethiopia was envisaged through the expansion of modern schools, health facilities, formulation and adoption of the first Ethiopian constitution and various socio-economic policies, the beginning of medium-term planning, the development of infrastructure (such as road and air transportation, electric and thermal power, telecommunications, postal services, banking, ports and shipping³) and the construction of modern buildings (MoI, 1973; Henze, 2000; Geda, 2006; Kefale, 2009). This regime recognized the importance of agriculture in the Ethiopian economy and the role it would play for a long time to come. As such, the imperial regime focused on establishing major agricultural institutions, such as the Alemaya College of Agricultural Engineering and Mechanical Arts, the Agricultural Experimental Station and a number of community development centres, so as to scale-up the scientific development of agriculture in Ethiopia. The regime also recognized the small family farms, prevalent in Ethiopia, even though their productivity was very low due to the under-development of the methods used to produce agricultural products. Hence, the government encouraged the establishment of foreign-owned large-scale commercial farms to modernize and transform the agricultural sector while supporting the small family farms to increase productivity (MoI, 1964; Henze, 2000). FDI was also encouraged to increase foreign resources which were needed to import capital goods (IEG, 1962).

The regime faced several crises: the Italian Fascist occupation of Ethiopia (1935-41), the Great Depression⁴ of the 1930s, the World War II (1939-45) and the Cold War (1947-91). These all had significant implications on the political stability as well as the socio-economic development of Ethiopia (Klapsis, 2014). These global political and economic crises, especially the Great Depression and the Italian fascist occupation, had a bearing in the direction of Ethiopia's strategic development. Hence, the enactment of Ethiopia's development policies and programmes started

³ Before 1991, Ethiopia had the red-sea ports. The independence of Eritrea in 1991 made Ethiopia a landlocked country.

⁴ Great depression was a severe worldwide economic depression in the 1930s

after 1941. The focus was on specific sectors like agriculture, infrastructure⁵, and social transformation⁶ in order to bring the desired development goals (MoI, 1941; Essays-UK, 2013).

During this government, three five-year plans⁷ were developed with different targets and priority areas so as to steer the economic development of the country. Modernising and transforming the agricultural sector was the main target and a key priority area in all the plans. The first two plans paved the way⁸ for the realisation of FDI in large-scale commercial farming which was extensively practiced during the third plan. During this plan, domestic industries such as food processing and textile and sugar production were established and operationalized by foreign (such as by the British, Dutch, and Americans) and domestic investors to process the agricultural raw materials as the starting point for the agricultural transformation (Negarit Gazette, 1949; Negarit Gazette, 1954; Negarit Gazette, 1966; IEG, 1962; MoI, 1973). The regime encouraged FDI in agriculture through various incentives such as tax relief, long-term land lease with a low rental fee, provision of a loan under favourable conditions, and remittance of funds (IEG, 1962).

3.3 FDI during the military regime: policies and practices

The military regime, called Derg (meaning “a committee of soldiers”), declared socialism as its main doctrine. Soon after taking power in 1974, the military government nationalised all private-owned businesses including commercial farms, which were mainly owned by foreigners. The government also implemented a new rural and urban land reform programme (Negarit Gazette, No. 22, 1975; Negarit Gazette, No. 31, 1975; Negarit Gazette, No. 47, 1975; Henze, 2000). Since 1975, all large-scale agricultural investments were owned by the government. These investments were administered by various agricultural development corporations which were governed by Public Enterprises Proclamation and Regulation Nos. 20/1975 and 5/1975 respectively (Negarit Gazette, No. 21, 1976). In the same year, the military government directed that certain specific activities such as mining, processing food products and large-scale construction works were to be undertaken jointly by the government and foreign investors. However, the share of the foreign

⁵Dams, roads, buildings, communications

⁶ Formal education, training of technical personnel, training of social workers to serve villages and districts

⁷ First plan (1957-62), Second plan (1963-67), and Third plan (1968-73)

⁸ During these periods, the government formulated a series of policies such as land concession, ownership, investment and tax incentives to encourage FDI in large-scale agriculture.

investor was less than 49% and large-scale agricultural activities were solely for state-ownership (Negarit Gazette, No. 21, 1976).

A number of large state farms were established during this regime. The government also tried to arrange agriculture through the organisation of individual farm units in peasant associations (PAs). The PAs roles were allocating and reallocating land for households, collecting taxes and determining production quotas, and organizing voluntary labour for public works. The PAs, in turn, established service cooperatives (SCs) whose functions were to supply, market and extend agricultural services. There were also producers' cooperatives (PCs) which composed of individual households who commonly managed their consolidated farms. However, the regime efforts were directed towards the "socialization" of agriculture and were not fully realized due to the strong resistance from peasants against joining the PCs. Hence, the structure of production remained mainly private. After 15 years of the regime's rule, the share of private holdings in the total cultivated land was about 94 percent, while the rest was divided between PCs (2.5 percent) and state farms (3.5 percent) (FAO, 1993).

The regime was confronted with crisis throughout its term of power. In the beginning, there were groups who attempted to overthrow the military regime which caused mass bloodshed (the Ethiopian red terror⁹). The regime also fought two parallel civil wars with the Eritrean People's Liberation Force (EPLF¹⁰) and the Tigray People's Liberation Front (TPLF¹¹), and a border war with Somalia (Turner, 1993; Ethiopian Treasures, 2005). The dramatic global political shifts in the late 1980s, particularly the end of the Cold-War,¹² threatened to isolate the military regime from its allies such as the Soviet Union (Turner, 1993). This turning point forced the government to acknowledge the failure of the command economy and to reform its economic policy. In 1990, the government proposed to implement a mixed economy model, which allowed the participation of foreign investments in all parts of the economy, including agriculture, without a capital investment

⁹ Ethiopian red terror took place in 1977-78 after the military government "Derg" took power and it was a violent political campaign where students involved.

¹⁰ Eritrea got independence in 1991 after the overthrow of the Military government "Derg".

¹¹ The Tigray People's Liberation Front, operating as the chief member of a coalition called the Ethiopian People's Revolutionary Democratic Front (EPRDF), has been leading Ethiopia since the overthrow of the Military government "Derg" in 1991.

¹² The end of the cold-war resulted in the dissolution of the Union of Soviet Socialist Republics (USSR) and democratic reform in Eastern Europe

limit (see Special Decree No. 17/1990 and Regulation No. 10/1990). However, the history of confiscating private properties, including private commercial farms, as well as the political instability of the country, discouraged the inflow of FDI (Henze, 2000; Astatike and Assefa, 2005).

3.4 FDI in the EPRDF regime: policies and practices

The EPRDF regime, like its predecessors, advocates for agricultural development as the economic pillar of Ethiopia. The regime developed the Agricultural Development Led Industrialization (ADLI) strategy to achieve its long-term economic and social development plan in the early 1990s. This strategy is a master plan designed to develop the rural infrastructure as well as to undertake a social development programme in order to realize agricultural development. It lays down the foundation for all current Ethiopian policies and strategies that are designed to facilitating agricultural and rural transformation (MoFED, 2003). Hence, the ADLI strategy focuses on strengthening the capacity of smallholder farmers to increase production and productivity while encouraging the private sector to engage in large-scale agricultural investment to contribute to the production of sufficient food for domestic consumption and cash-crops for export (MoFED, 2010).

Soon after taking power in 1991, the EPRDF government undertook economic policy reform. This reform allowed the transformation from a command economy system, in which the economy is regulated and restricted by the government, to a market-oriented economy, in which the economy is operated by voluntary exchange in a free market rather than controlled by the government. This economic liberalisation encouraged greater private sector involvement including private investments in large-scale agriculture (MoFED, 2003). Table 3-1 shows the significant increase of FDI inflows to Ethiopia during the EPRDF government and the ongoing effect of the economic reforms.

In 1994, the Ethiopian Privatisation Agency (EPRA) was established to facilitate the transferring of state-owned enterprises to domestic and foreign investors (Astatike and Assefa, 2005). This transfer has been taking place through tendering (Leykun, 2013). The commitment of the EPRDF regime to encouraging private sector involvement in the economy is demonstrated in its broad-based economic reform which includes a privatization programme (PPESA, 2014). Furthermore, it established various institutions to support the implementation of the investment policy. This includes the establishment of the ETIA and the EAILAA to facilitate FDI in various sectors including in large-scale agriculture (Negarit Gazette, 2012; Negarit Gazette, 2013). The recent

influx of foreign investors in large-scale agriculture into Ethiopia is the result of a change in Ethiopia's economic policy and political stability (ETIA, 2013) as well as the global demand for agricultural products since the global food and financial crisis of 2007 and 2008 (Görgen et al, 2009).



Figure 3-1: FDI's net inflows to Ethiopia from 1977-2013

Source: (IndexMundi, 2016, p.2, Modified)

3.5 Similarities and differences of the three regimes' investment policies in agriculture

Although the three regimes have different ideology and approaches, their economic policies have similarities when it comes to advancing the development of the agricultural sector. The majority of Ethiopians (about 85%) still live in the rural areas and are engaged in small-scale farming. Subsistence farming is still widely practiced in Ethiopia.

The contribution of the agricultural sector to the GDP was higher in the imperial and military regimes compared to the current EPRDF government (Gish et al, 2007). The investment policies of the imperial regime encouraged FDI in large-scale agriculture. This has been continued by the current EPRDF government. The investment policy of the former military government, however, did not allow FDI in agriculture until the change of the economic system at the end of its tenure (see Table 3-1).

The imperial government discouraged the export of agricultural raw-materials through imposing export tax while the current government doesn't impose a tax on export of agricultural products.

The reason for the imperial government imposing an export tax on agricultural raw-materials was to encourage the establishment of domestic industry and to export processed goods that were exempted from export tax. During the imperial regime, an out-growers scheme was practiced to encourage linkages of FDI with domestic farmers and increase FDI spill-over effects. This is not practiced by the current government (see Table 3-1).

The percentage of the population engaged in agriculture is similar in all regimes (Photius, 2015). The size of the population tripled in the EPRDF regime (96 million) compared to in imperial times (28 million). It has doubled in the EPRDF regime compared to the military regime (48 million) (Worldometers, 2015). Because the percentage of people engaged in agriculture is static, the number of people that are engaged in agriculture is highest in the EPRDF regime. This, in turn, means that the size of the agricultural land area per individual farmer is significantly reduced today compared to historically under the previous two regimes (see Table 3-1).

Table 3-1: Similarities and differences of investment policies of imperial, military and current regimes

Category	Imperial Regime (1930-1974)	Military Regime (1974-1991)	EPRDF Regime (1991- to date)
Political System	Feudal/Capitalism	Socialism/Communism	Ethnic Federalism
Economic System	Market Economy	Command Economy (1974-90) /Mixed Economy (1990-91) ¹	Market Economy
Total population	28,414,999 in July 1970	48,042,755 in July 1990	96,506,051 in July 2014
Population density	26 per sq km in 1970	44 per sq km in 1990	87 per sq km in 2014
Population engaged in agriculture	86% in 1973	80% in 1991	85% in 2014
Agriculture contribution to GDP	60% in 1973	57% in 1991	47.7% in 2014
Agriculture contribution to Export	90% in 1973	80% in 1991	90% in 2011
Investment Policy	Allowed FDI in agriculture	Did not allow FDI in agriculture until 1990	Allows FDI in agriculture
Incentives to attract FDI	<ul style="list-style-type: none"> - Five years income tax relief on investment above Eth Dollar 200,000 - Exemption from import tax - Remittance of funds - Provision of 30% domestic credits under favourable conditions - Long-term tenancy of the land for symbolic rental fee - 2% export tax on agricultural raw materials while manufactured-finished goods are exempted from export tax 	<ul style="list-style-type: none"> - Three years income tax relief on investment over Eth Birr 300,000 but not exceeding 750,000 - Four years income tax relief on investment over Eth 750,000 but not exceeding 2,000,000 - Six years income tax relief on investment over Eth 2,000,000 - Remittance of funds - Limited time land lease - Exemption from import tax 	<ul style="list-style-type: none"> - 30% income tax relief for maximum 3 to 6 years depending on the distance from Addis Ababa - Exemption from import tax - Remittance of funds - Provision of 70% domestic credits under favourable conditions - Long-term land lease for cheap rental fee - Export tax exemption
Capital requirement	There is no stated minimum capital requirement	Total investment capital (no provision of domestic credits)	Minimum capital USD 200,000 for a single investment project
Major products	<ul style="list-style-type: none"> -Cotton -Sugar cane -Tobacco 	Not specified	<ul style="list-style-type: none"> - Pongami for bio-fuel - Soyabean - Rice
Out-growers scheme	Practiced	Not practiced	Not yet practiced

¹ The economic policy change to mixed economy came to effect on May 1990 by the Council of Special Decree No. 17/1990 and Council of Ministers Regulation No. 10/1990

3.6 Summary

All three development policies of the governing regimes in recent history have similarities when it comes to recognising the importance of agriculture to Ethiopia's economy. The agricultural sector absorbs above 80% of the labour force and contributed to above 80% of exports in all regimes (CIA, 2015). FDI in large-scale agriculture is not a new phenomenon in Ethiopia as it was practiced in imperial times. The difference is that during imperial time FDI produced industrial products such as tobacco and sugar cane and foreign investors were from industrialized countries. The current EPRDF government promotes FDI to produce food crops such as rice and soybeans as well as bio-fuel crops and the foreign investors are from the Arab-Gulf and India. This finding is substantiated by Brown (2013) and Hallam (2009) who reveal that large-scale agricultural investments from industrial countries to produce tropical products (such as sugarcane, tea, and bananas) have been practiced over the past 150 years. However, the new trend of FDI in large-scale agriculture is to produce basic food (such as wheat, rice, corn, and soybeans) and bio-fuels to be exported to the investing country.

The other difference is that the current foreign investors export the agricultural products directly to their home countries and the price of these products is not valued on the international market Tran-Nguyen (2010). In the imperial regime, the foreign investors exported the agricultural products to the global market where prices were determined by that market. The study of Tran-Nguyen (2010) also stresses that this arrangement raises several questions with regard to the investment benefits for the host country since the agricultural products are not valued at international prices.

For the past 25 years, the Ethiopian population has increased exponentially (Worldometers, 2015). The percentage of the Ethiopian population who are engaged in agriculture is similar through all three regimes (CIA, 2015). This implies that in the current regime, the size of land allocated to the domestic individual farmer is less than the previous regime. If the current government does not put in place measures to control the population growth, the size of land for individual farmer will continue to shrink. In addition, it needs to consider the growing population and its response to the

global demands on climate change when granting long-term leases for huge tract of lands to FDI in agriculture¹³.

When it comes to the military regime, the last-minute change in its economic policy to encourage FDI in agriculture was short-lived and was thus not put into effect as the tenure of the regime ended shortly after the change. However, this new economic policy may have contributed to the current government's investment policy to promote FDI in agriculture.

This chapter reveals the trend of FDI in large-scale agriculture in Ethiopia as a backdrop to the current study on FDI in Ethiopia. The next chapter presents the various theoretical frameworks used in FDI and land tenure related research as well as the chosen theoretical framework of this research.

¹³ The current government encourages export-oriented FDI in large-scale commercial farming which doesn't directly respond to the growing Ethiopian population food needs.

Chapter 4 : Theoretical Framework

4.1 Introduction

Chapters 2 and 3 presented review of the literature on FDI in large-scale agriculture and trends in Ethiopia. This chapter presents the various theoretical frameworks that have been applied in land tenure and FDI related research. The philosophical roots of land tenure are not clearly indicated in most of the literature. It can be indirectly identified from the discussions in relevant literature that land tenure research inclines towards social constructivist philosophy, which is very much associated with interpretivist philosophy (Roux and Barry, 2009). FDI's philosophical root has been dominated by an eclectic paradigm which is derived from various theoretical approaches including the theory of firm, trade, organization and location (Cleeve, 2009; Rugman, 2010).

This study is about FDIs in large-scale agriculture but covers more than FDI economics to include socio-economic and political aspects. Hence, there is a need to combine the relevant aspects of both agricultural, land tenure and FDI when considering a suitable theoretical framework. This research examines each paradigm and identifies that critical realist paradigm to be appropriate for this study (see Table 4-1) because it has the elements of both positivism and social constructivism. Positivism is concerned with “facts” that are understood to be value-free. In other words, reality can be fully studied, captured, and understood, the findings are true (Denzin and Lincoln, 2005). Social constructivism is concerned with subjective meanings of things “value-laden”. In other words, a knowledge claim is a reality of subjective experience and shaped by social, economic, ethnic, political, cultural, and gender values (Healy and Perry, 2000).

Although a critical realist paradigm has been used for land tenure related research, this study applies it in the context of FDI in large-scale agriculture. A discussion of critical realism (post-positivism), positivism, social constructivism, and critical theory is given below. The purpose of the discussion is to demonstrate the suitability of critical realism for this research.

Table 4-1: Four categories of scientific paradigms and their elements

Element	Paradigm			
	Positivism	Critical Theory	Constructivism	Critical Realism
Ontology (reality)	Naïve realism - “real” reality but apprehensible	Historical reality - “Virtual” reality shaped by social, economic, ethnic, political, cultural, and gender values, crystallized over time	Relativism - local and specific “constructed and co-constructed” realities	Reality is “real” but only imperfectly and probabilistically apprehensible
Epistemology (the relationship between that reality and the researcher)	Objectivist: findings true	Subjectivist: value mediated findings	Subjectivist: created findings	Modified objectivist: findings probably true
Methodology (the technique used by the researcher to investigate that reality)	Experiments/ surveys: verification of hypotheses, chiefly quantitative methods	Dialogic/dialectical: researcher is a “transformative intellectual” who changes the social world within which participants live	Hermeneutical/ dialectical: researcher is a “passionate participant” within the world being investigated	Case studies/convergent interviewing: triangulation, interpretation of research issues by qualitative and by some quantitative methods
Relevance to this study	Ontological relevance only – FDI in agricultural land in Ethiopia is a real event	Ontological relevance only – The sensitivity of the FDI in agricultural land in Ethiopia and its hidden political, economic and social reality must be revealed	Ontological relevance only – FDI in agricultural land in Ethiopia must be understood in local context	Ontological, epistemological and methodological relevance - this study deals with complex social phenomena and involves many people with different interests. The primary sources of data for this research are (a) documentation which can be verified objectively; and (b) interviews which reflect multiple perceptions held by participants of the situation. Thus the reality can be captured partially and knowledge claims cannot be definite.

Sources: (Denzin and Lincoln, 2005 p 193; and Healy and Perry, 2000 p 119, modified)

4.2 Critical realism (post-positivism) paradigm

The term “post-positivism” refers to a newer generation of thinking after positivism and challenges the traditional notion of the absolute truth of knowledge. Critical realism acknowledges that when studying the behaviour and actions of humans, one can only understand and partially capture reality and thus, the researcher cannot be “definite” about knowledge claims (Cresswell, 2003). Critical realism admits that perceptions have a certain flexibility and that there are differences between reality and people’s perceptions of reality. The critical realist claims that “real objects are subject to value-laden observation”; the reality and the value-laden observations of reality operate

in two different dimensions (Krauss, 2005, p.5). The first is intransitive and relatively enduring while the second is transitive and changing (Krauss, 2005). Krauss reveals that the social constructivist paradigm considers a participant's perceptions to be studied for their own sake, while the critical realist paradigm considers a participant's perceptions to be studied in order to provide an interface into the reality behind those perceptions.

Denzin and Lincoln (2005) affirm that the social world is not a closed system like a laboratory where the conditions for the effective triggering of casual mechanisms can be created. Rather critical realist research discovers the knowledge of the real world by naming and describing broad, generative mechanisms that operate in the world. The authors justify that social phenomena have a delicate nature and as a result their impacts are flexible and are dependent upon the environment. Healy and Perry (2000, p.8) state that in contrast to positivist research, critical realism wishes to form a "collection of answers" that cover several contingent contexts and involve different interview participants in order to confirm or disconfirm the theory/hypothesis.

In a positivist paradigm, reality is to be discovered objectively and is value-free. The social constructivism and critical theory paradigms assume a subjective relationship between the researcher and the respondent whereby the researcher becomes immersed in the research through shared knowledge and social action and as a result it is value-laden. In contrast to these three paradigms, critical realism is neither value-laden nor value-free. It is value-aware in that it accepts that there is a real world to discover even if it is only imperfectly, and it relies on multiple perceptions, processed through triangulation of several data sources, about a single reality (Denzin and Lincoln, 2005; Healy and Perry, 2000).

4.3 Rational for choosing critical realism paradigm

Critical realism is chosen as the philosophical grounding of this research based on the following considerations:

1. It allows the use of positivism, critical theory, and social constructivism which are necessary for research in FDI as well as agricultural land tenure in the following ways:
 - a) FDI in agricultural land in Ethiopia is a real event (positivism),
 - b) the sensitivity of the FDI in agricultural land in Ethiopia and its hidden economic, social and political reality must be revealed (critical theory), and

- c) FDI in agricultural land in Ethiopia must be understood in a local context (constructivism).
- 2. Its ontology, epistemology, and methodology suitability for this research is as follows:
 - a) **Ontological appropriateness:** The research problem – i.e. to examine the claim that FDI in large-scale agriculture in Ethiopia is not pro-poor and sustainable – deals with complex social phenomena and involves many people. As such, the reality can only be empirically reflected by including both social aspects, such as perceptions, along with natural aspects.
 - b) **Epistemological appropriateness:** The study will involve diverse role-players. These include the communities where the investments take place, the Ethiopian government, the foreign investors and the researcher's observations as a data gatherer (see section 1.7). Multiple perceptions need to be reflected in the chosen research methods. As such, the research is neither value-free nor value-laden, but it is value-aware in that the perception of each participant is an interface to reality through which an image of reality can be triangulated with other perceptions (Denzin and Lincoln, 2005; Healy and Perry, 2000). Documents related to FDI in large-scale agriculture in Ethiopia, and subsequent interview responses should be evaluated with caution. The researcher should critically examine claims about the impacts of FDI.
 - c) **Methodological appropriateness:** The research will use the case study research method which is acceptable by and relevant for a critical realism paradigm. The methodological trustworthiness of the study can be judged by the extent to which the research can be audited. As Yin (1994) states in the case study research context, “the exemplary case study is one that judiciously and effectively presents the most compelling evidence, so that a reader can make an independent judgment regarding the merits of the analysis” (Yin, 1994, p.149).

4.4 Eclectic paradigm

The most dominant approach to study international activities of multinational enterprises (MNEs), such as private or state-owned companies investing in foreign countries, is the “Dunning’s eclectic paradigm”. It is a holistic model applied to assess a company’s strategy to expand its operations through FDI. This paradigm is derived from various theoretical approaches and includes the theory of the firm, trade theory, organizational theory and location theory (see section 2.3.1). It assumes that for FDI to take place, there should be firm-specific advantages (i.e. ownership advantages), location-specific advantages (i.e. host countries immovable resources), and internalization

advantage (i.e. the choice of entry mode e.g. licensing, joint ventures, or alliances). However, an eclectic paradigm on its own is not useful for this study as its primary strength is investigating benefits for investors rather than the effects of FDI on the national development of host countries as is the overall objective of this research.

4.5 Positivist paradigm

Positivism argues that reality can be fully studied, captured and understood and thus the findings are “true” (Denzin and Lincoln, 2005). Its assumption is that science separates facts from values i.e. science is “value free”. Positivists use methods of research which are quantitative, and hypotheses are tested against the established facts (Robson, 2002). It mainly uses experimental methods and is applicable to understand the natural world rather than the social world. This philosophical approach on its own is not practical for this study due to the fact that it does not deal with the social world where human behaviour (social, economic, political, cultural) plays a pivotal role. This research focuses on FDI in large-scale agriculture which is dynamic and involves socio-economic and political aspects which do not follow natural laws and models. Hence, the positivist framework on its own is not practical for this study.

4.6 Social constructivist paradigm

Unlike post-positivism, social constructivism looks for the complexity of views rather than narrowing meaning into a few categories or ideas. They assume that individuals seek to understand the world in which they live and work. People ascribe subjective meanings to things or objects which they come across. Thus, these meanings are numerous and demand that the researcher looks for the complexity of views rather than narrowing down meanings to a few categories or ideas. The social constructivist researcher’s goal would be to rely upon on the participants’ views of the situation being studied (Denzin and Lincoln, 2005). It is very much associated with interpretivism in which a knowledge claim is a reality of subjective experience (Roux and Barry, 2009). One of the primary sources of data for this research project is documentation. This includes the overall Ethiopian investment policy including sector-specific policies and laws such as economic, social and environmental policies and laws, recent published and unpublished studies on large-scale agricultural land acquisitions, and others. These reflect largely objective facts. Social constructivism and the participants’ subjective views of the situation only will not be reflected in

those sources. This data is essential data and hence, this paradigm cannot be used alone in this research.

4.7 Critical theory paradigm

Critical theory stresses social realities. Its knowledge claim is based on virtual reality which is shaped by social, economic, ethnic, political, cultural, and gender values, crystallized after a while. As such, the research inquiries are often long-term ethnographic and historical studies of organizational processes and structures (Denzin and Lincoln, 2005). Knowledge generated using critical theory is grounded in social and historical practices and is value-dependent i.e. it is not value-free (Healy and Perry, 2000). Alone, this paradigm is not suitable for this study because the purpose of the study is not to liberate people from their historical opinion, emotional and social structures. It is rather used to understand whether FDI in large-scale agriculture in Ethiopia is sustainable and pro-poor as well as whether FDI is supported by Ethiopian investment policy. This implies an understanding of the adequacy of the policy support for FDI vis-à-vis the established sustainable and pro-poor investment frameworks of this study (see section 2.6.1).

4.8 Summary

This chapter demonstrates the various theoretical frameworks that have been applied in FDI and agricultural land tenure related research and their views. These frameworks include critical realism, eclectic, positivist and social constructivist paradigms and critical theory. This research identifies that a positivist paradigm is suitable for research that investigates the natural world, while the others are suitable for the social world though they have their own specificity. A critical realist approach is suitable for this research as it enables the researcher to combine the social and natural world paradigms as each one of them cannot be used alone for this research. In addition, critical realism is suited to the adopted methodology of case study strategy (see chapter 5).

Although critical realism has been applied in research related to land tenure systems in various parts of the world such as in South Africa (see Whittal, 2008), Lesotho (see Mabesa and Whittal, 2011) and in Ghana (see Akrofi, 2013), this research applies critical realism to study FDI in large-scale agriculture in Ethiopia. This is one of the contributions of this research to the body of knowledge (see sections 1.10 and 9.2).

The next chapter presents the chosen research methodology of this study.

Chapter 5 : Research Methodology

5.1 Introduction

This chapter presents and justifies the research methodology applied in this study. The identified information gap on FDI in large-scale agriculture in Ethiopia begs for an in-depth study in the extent, nature and impact of these investments in Ethiopia. Robson (1993) argues that case study research gives an in-depth investigation of entities that look for further theoretical understanding and practical knowledge of a real world phenomenon. Yin (2003) further argues that case study methodology enables research to be conducted that requires an empirical investigation of a specific event within its real-life context using multiple sources of evidence. The appropriateness of case study methodology for research related to agriculture and FDI are further confirmed in the concept note for the high level policy forum on “Land Based FDI in Africa: Making Investment Work for African Agricultural Development” by AUC-AfDB-UNECA Joint Land Policy Initiative (2011), and also in the study by Hough and Neuland (2000) on “Global Business Environments and Strategies: Managing for Global Competitive Advantage”.

FDI in large-scale agriculture is a complex issue that involves economic, social, political, environmental and cultural aspects. It requires a multifaceted methodology rich in contextual analysis. It needs to be examined and analysed in its specific environment of occurrence. Hence, this research identifies case study strategy to be the appropriate research method that enables the conducting of an in-depth empirical investigation so as to respond to the research questions, especially as to whether the Ethiopian Investment Policy supports pro-poor and environmentally sustainable FDI in large scale agriculture. The research questions are contemporary, specific and critical involving many people with different interests. The primary people include the Ethiopian government, foreign investors, and local communities. The chosen methodology is compatible with a critical realist paradigm, which is the philosophical grounding of this research, and has been used to good effect in this combination by Whittal (2008) and Mabesa and Whittal (2011).

Case study methodology has been criticized in requiring more time and money to produce scientific results. Its product can be detailed and lengthy which may be unsuitable to busy policy-makers and practitioners as it requires a great deal of time to read, understand and use (Stake, 2005). The final product could be influenced by author’s biases (Guba and Lincoln, 1981). A case study may have limitations of reliability, validity and generalizability if it lacks representativity

and rigor in the collection, construction, and analysis of the empirical data (Hamel, 1993). This research is conducting a multiple case study. These are often regarded as reliable and increase the robustness of the study when compared to single case studies (see section 5.2). This research is cognizant of the downside of investigating multiple cases as this requires more resources and time compared to a single case study and so the researcher identified different ways to secure the required resources.

This research admits the difficulties of reporting from an objective standpoint. Hence, critical thinking skills are applied and each case is evaluated methodically to enable the researcher to remove the impact of any personal bias (see section 5.9 for the detailed description of personal bias). The primary target audience of these research findings includes Ethiopian policy makers and policy implementers at all levels of government followed by foreign investors, local community representatives, development partners such as United Nations entities, bilateral and multilateral donors as well as the general public who are interested in this matter. The author is aware of these diverse audience and so the analysis of this study is prepared to cater for this variety of readers.

5.2 Case and unit of analysis

The scope of the study is FDI in large-scale agriculture in Ethiopia to which the case study results are intended to be generalised. The choice of the cases (i.e. investment projects) is motivated by some guiding factors listed below.

- a. The investment is a foreign investment.
- b. The number of years the land has been leased i.e. two years and above. This is because the investment directive for agricultural land states that once the land is leased, activity for which the land is leased should start within two years. This allows the researcher to identify whether the land is leased in speculation of future increase in land price, and whether the activity is in line with the agreed activity or a different one (e.g. rice production converted to bio-fuels).
- c. The size of the land – above 5,000 hectares. According to the regulation by the Council of Ministers on the administration of agricultural investment land under the appointment of regions, large arable lands mean farm lands exceeding the area of 5,000 hectares that the Regional Government transferred to the Federal Government to administer the land for agricultural development (Zenawi, 2010).

- d. The type of agricultural activities (agricultural products) i.e. food crops or bio-fuel crops.
- e. The purpose of the investment – i.e. is the product targeted for the domestic market or export?

The reason for items d. and e. above is to see whether the agricultural products from these leased lands by foreigners has a possibility to contribute to Ethiopia's food security either through direct contribution or indirectly through increasing Ethiopia's foreign earnings to import the required foods.

There are nine regions and two administrative cities (Addis Ababa and Dire Dawa) in Ethiopia (see Figure 5-1). The FDI in the agricultural land above 5,000 hectares is concentrated in only three regions, namely Gambella, Benshangul-Gumuz and SNNPR (MoARD, 2012). There is therefore little choice of case study areas and all areas where the majority of FDI in large-scale agriculture are prevalent are included (see Table 5-1). There was one investment project in SNNPR from the subset of cases that fulfilled the case study selection criteria. However, this investment project was not operational during the data collection phase of this research in December 2014. Hence, SNNPR is excluded from this study (see Table 5-2).



Figure 5-1: Administrative map of Ethiopia

Source: (WHO, 2003)

Table 5-1: Regions where FDI in large-scale agriculture existed in 2011

Region name	Number of FDI in large agriculture 2011**	Name of investor company	Nationalities	Type of Investment	Total land Leased in hectare	Year of agreement signed
Benshangule-Gumuz	2	CLC Industries PLC	Indian	Cotton	25,000	December 2009
		Shaporji (S&P) Energy Solutions PLC	Indian	Pongamia (bio-fuel tree)	50,000	March 2010
Gambella	7	Toren Agro Industries PLC	Turkey	Cotton & Soya bean	6,000	September 2011
		Ruchi Agri PLC	Indian	Soya bean	25,000	April 2010
		BHO Bio Products PLC	Indian	Edible oil crops	27,000	May 2010
		Sannati Agro Farm Enterprises PLC	Indian	Rice	10,000	October 2010
		Saudi Star Agricultural Development PLC	Saudi	Rice	10,000	September 2009
		Karuturi Agro Products PLC	Indian	Palm, cereals, rice & sugarcane	100,000	August 2008
		Saber Farms PLC	Indian	Cotton & Soya bean	25,000	May 2011
SNNPR*	1	Whitefield Cotton Farm PLC	Indian	Cotton	10,000	August 2010

* Southern Nations and Nationalities of People

**2011 is the cut-off year for this study as agricultural development needs time to show results.

5.3 Selection of the case study areas

Based on the established criteria (see section 5.2), six foreign large-scale agricultural investment projects were identified for inclusion in this study. Five of them are located in Gambella regional state, while one of them is situated in Benshanguel-Gumuz regional state. These foreign investment projects leased a total of 218,000 hectares of land for cotton, soya bean, sugarcane, rice, palm and bio-fuel tree production (see Table 5-2 and Figure 5-3). These multiple cases were used in this research so as to ensure the robustness of the conclusion of this study. This is substantiated by Yin (1994) who argues that multiple case studies provide significant analytic benefits over single case studies as the conclusions arising independently from two or more cases are more powerful than those emanating from a single case alone.

FDI in large scale agriculture above 5,000 ha of land in Ethiopia are concentrated in three regions, but mainly in Gambella, as indicated in Table 5-1. Most of them (i.e. six out of 10 investment projects – in other words, two out of three regions) were included in this study which is considered sufficient to generalize the findings to Ethiopia (see Figure 5-12). However, conducting multiple

case study strategy requires more resources and time compared to a single case study. This research is cognisant of the requirements to conduct these multiple cases and identified various different ways to secure the required resources and to respond to unforeseen challenges.

Table 5-2: Selected case study regions and foreign large-scale agricultural investments

Item no.	Region name	The # of case study projects	Name of investor company	Nationalities	Type of Investment	Total land leased in hectare	Year of agreement signed
1	Benshanguel Gumuz	1	Shaporji (S&P) Energy Solutions PLC	Indian	Pongamia (biofuel tree)	50,000	March 2010
2	Gambella	5	Toren Agro Industries PLC	Turkey	Cotton & Soya bean	6,000	September 2011
			Ruchi Agri PLC	Indian	Soya bean	25,000	April 2010
			BHO Bio Products PLC	Indian	Edible oil crops	27,000	May 2010
			Saudi Star Agricultural Development PLC	Saudi	Rice	10,000	September 2009*
			Karuturi Agro Products PLC	Indian	Palm, cereals, rice & sugarcane	100,000	August 2008*

*In 2010, the Council of Ministers passed a regulation on the administration of large-scale farm lands (i.e. above 5,000 ha) by the Federal Government. Regional Governments transferred these lands to the Federal Government. Hence, Saudi Star Agricultural Development PLC and Karuturi Agro Products PLC, who signed contracts in 2009 and 2008 respectively with the Gambella Regional Government, had to re-sign a contract with the Federal Government in October 2010.

5.4 Data sources

Robson (1993) and Yin (2003) argue that multiple data sources provide evidence which enhances data validity and reliability. They identify and describe six methods of data collection in case study research. These methods are documentation, archival records, interviews, direct observation, participant observation, and physical artefacts. Ndikumana and Verick (2007) used multiple case studies in order to analyse the causes and effects of FDI in 38 Sub-Saharan African economies between 1970 and 2005. The data collection method employed was documentation. Similarly, Gerlach and Liu (2010) used a multiple case study design to analyse the economic, social and environmental impacts of resource-seeking FDI on host countries in eight African countries. Görgen et al (2009) also used documentation in a multiple case study to assess FDI in land in Cambodia, Laos, Madagascar and Mali. In the research presented here, documentation, archival records, interviews, and direct observations were used. These data sources provided the necessary

information to examine the history of FDI in large-scale agriculture in Ethiopia, the support of the current Ethiopian investment policy for FDI in large-scale agriculture, as well as community participation in the process of these investments in the selected case study areas. Much effort was made to seek the cooperation of all informants as it was necessary to get relevant documents for the study and responses to all key questions. The detail of these data collection methods is described in sections 5.4.1 – 5.4.4. The data sources spanned the years between 1930 and 2015.

The procedure that was pursued in this research to collect data included:

- Identification of government agencies where the relevant documents for this study were available. Also, each agency contact person and major informants' full name, position and address were sourced.
- A summary of the background information of the study, which included the statement of the problem and objective of the study and the rationale for selecting the study areas, together with an introductory letter, was handed over to all agencies and individuals.
- During delivery of the letter, any relevant documents for the study were requested and some were obtained. Tentative interview dates were arranged.

A concerted effort was made to corroborate the information gathered from interviews and focus group discussions with other sources of data, since each key informant provided evidence from only their perspective and bias needed to be considered. Hence, this research looked at the same types of data from many other sources in order to validate the data accuracy. These multiple sources of evidence led to a data-source triangulation where the information obtained from key informants (see 5.4.3) was cross-verified so as to increase the credibility and internal validity of the data and hence the results. In addition, the cross-verified primary data were confirmed with the information obtained from the secondary data (see 5.4.1 and 5.4.2) to further ensure its accuracy. As Yin (2003) claims, it is an inevitable for a researcher to intrude into participants' territory when conducting case studies that involve interviews. This claim is confirmed by this research which involved a range of participants during data collection and the researcher of this study had to intrude into the participants' territory to gather the information. Conversely, this research adhered to the case study protocol, including procedures and general rules, and ensured that approval was sought in advance of data collection (see section 5.7) and that all primary data was kept confidential.

5.4.1 Documentation

The documentation that was gathered for this study derived from an array of sources including national policies, policy-based proclamations, long-term development plans, contractual agreements and reports from the imperial regime to the current government of Ethiopia (see sections 5.4.1.1 – 5.4.1.8). The documents from previous governments were used to assess the nature and history of FDI in agriculture in Ethiopia (see chapter 3). These documents were analysed using the established analytical frameworks and guidelines to assess investment policy that promotes environmentally sustainable and pro-poor investments (see section 2.6). It is always difficult to getting access to documents in Ethiopia, especially dealing with issues such as FDI in large-scale agriculture which is politically very sensitive as there have been criticisms from different groups as mentioned in Chapter 1. However, different ways, such as identifying and approaching people who have direct or indirect connections with officials in various government offices, were used to get access to the documents. Most of the key documents were obtained except the environmental impact assessment reports of some of the selected companies (see chapter 5.7.2.1). The list of documents is found in Appendix 8.

5.4.2 Archival records

Archival records such as charts of the geographical characteristics or layouts of the study areas, as well as survey data such as census records or data previously collected about the study areas, were used. In addition, site plans of the case study agricultural investment projects were used. These documents were obtained from the:

- Ethiopian Central Statistics Authority;
- Gambella Regional State Statistics Bureau;
- Gambella Regional State Wildlife Conservation Authority (National Park Office);
- investment projects of Saudi Star, Karuturi, Toren, and BHO.

These archival records enabled the researcher to confirm or refute some of the data from interviews and from prior studies with regard to previous utilization of the investment projects' lands in Ethiopia (Cotula and Vermeulen, 2009; Oakland Institute, 2011).

5.4.3 Interviews

Interviews are major sources of case study evidence as most case studies involve human affairs (Robson 1993; Yin, 2003;). Open-ended interviews and focus group discussions were applied in

this study. In an open-ended interview, the key respondents were asked questions related to the mandates/functions of their offices regarding agricultural investments (see the process of data collection in Figure 5-2, Figure 5-4 and Figure 5-10). Some of these interviewees became key informants and suggested other persons to be interviewed and provided other sources of evidence that were closely associated with the research questions. The key informants were critical to the success of this study. This study had three groups of key informants who have different interests. These are government officials, investment company representatives and farm/factory workers, and local residents (i.e. indigenous people) in the area of the investment projects. The total number of key informants in all the three groups was 144. The break-down of these figures are found in Table 5-3, Table 5-4, Table 5-5, Table 5-6, and Table 5-7.

Table 5-3: Key informants at Federal level

Federal Level			
Item No	Name of Institutions	Department/Office	Number of interviewees
1	Ministry of Agriculture	Land Administration & Use Directorate	1
2	Ministry of Environment and Forest	Compliance Monitoring and Control Directorate	1
		Projects Monitoring, Evaluation and Licensing Directorate	1
3	Ministry of Labour and Social Affairs	Employment Service Promotion Directorate	1
		Social Welfare Development Promotion Directorate	1
		Harmonized Industrial Relation Directorate	1
4	Ministry of Finance and Economic Development	Macroeconomic Policy and Management Department	1
5	National Planning Commission	National Planning Department	1
6	Ethiopian Investment Agency	Investment Policy Studying Team	1
		Information and Investment Promotion Directorate	1
		Agricultural Investment Projects Facilitation & Aftercare Team	2
7	Agricultural Investment Land Administration Agency	Environmental Protection Directorate	1
		Environmental Impact Assessment Team	1
		Agricultural Economic Zone	1
		Investors' Support, Monitoring and Evaluation Directorate	1
		Legal Affairs Directorate	1
		Land Administration Directorate	1
8	Development Bank of Ethiopia	Loan Approval Team	2
9	Commercial Bank of Ethiopia	Commercial Customer Relationship	1
10	Confederation of Ethiopian Trade Union	Industrial Relation Department	1
		Occupational Safety and Health Department	1
Total			23

Table 5-4: Key informants at Regional level

Regional Level			
Item #	Name of Institutions	Department/Office	Number of interviewees
1	Land Utilisation, Administration and Environmental Protection Authority	Environmental Protection Unit	1
		Land Utilisation and Administration unit	1
2	Agricultural Development Bureau	Sustainable Natural Resources Development, Protection and Utilization Unit	1
		Forest Resource Administration, Protection & Utilization Unit	1
		Crop production and Protection Unit	1
3	Labour and Social Affairs Bureau	Labour Market & Employment Information Service Unit	1
4	Investment Bureau	Investment Bureau General Directorate	1
5	Statistics Bureau	Statistics Bureau General Directorate	1
6	Wildlife Conservation Authority	Wildlife Conservation Office	1
7	Horn of Africa Gambella Regional Environment and Network	Environment and Network Office	1
Total			10

Table 5-5: Key Informants at District and Kebele Levels

District Level			Kebele Level (Lowest Unit of Government)		
Item #	Name of District Administrative Office	Number of Interviewees	Item #	Name of Kebele	Number of Interviewees
1	Goge District	2	1	Wathgac Kebele	1
2	Abobo District	1	2	Illia Kebele	1
3	Itang Special District	1	3	Pukedi Kebele	1
Total		4	4	Perbengo Kebele	1
			5	Ulung/Pugnido Kebele	1
			Total		5

Table 5-6: Key Informants at Foreign Investor Companies

Foreign Investor Companies			
Item #	Name of Investor Companies	Level of key informants	Number of interviewees
1	Saudi Star Agricultural Development PLC	Senior Management	2
		Factory workers	1
2	Ruchi Agri PLC	Senior Management	1
3	Karuturi Agro Products PLC	Senior Management	1
4	Toren Agro Industries PLC	Senior Management	2
5	S&P (Shaporji) Energy Solutions PLC	Senior Management	1
6	BHO Bio Products	Farm workers	14
Sub-total			22

Table 5-7: Key Informants at Village Level

Village Level					
Item #	Focus Group Discussions	Number of Interviewees	Item #	Individual Interviews with Community Elder	Number of Interviewees
1	Wathgac Community	13	1	Wathgac Community	1
2	Illia Community	15	2	Illia Community	1
3	Pukedi Community	16	3	Pukedi Community	1
4	Perbengo Community	14	4	Perbengo Community	1
5	Ulung/Pugnido Community	17	5	Ulung/Pugnido Community	1
Sub-total		75	Sub-total		5

The government officials who were interviewed in this research include the high-level government officials at the Federal, Regional, District (Woreda), and Kebele levels. At Federal level, officials such as Directors-General, who have the mandate to authorize FDI in large-scale agriculture (i.e. above 5,000 ha), were included. At Regional level, officials such as Heads of Bureau, who are decision-makers for their respective region with regard to agricultural investments, were interviewed. At District (Woreda) level, officials such as District Administrators and experts, who have a direct relation with the agricultural projects' activities, especially in monitoring and evaluation, provided critical information. At Kebele level, The Chairmen of the Kebeles were interviewed individually. "Kebele" is at the village level and is mandated to administer all local issues and is directly responsible for creating a viable environment for their community (i.e. protecting their community's culture, livelihoods, as well as natural resources).

The other key informants of this research are the foreign agricultural investment projects' representatives or managers. These key informants are responsible for their respective company's involvement in the large-scale agricultural investment in Ethiopia. Interviews were only conducted with those who accepted the invitation for the interview. The researcher was also able to interview the farm and factory workers of these investment projects (see 5.7.2.1.1 and 5.7.2.1.4).

Five focus group discussions with affected communities of the case studies projects areas were arranged in order to confirm the evidence gathered from other sources. The key informants of the focus group discussions were selected randomly and consisted of both genders, young and old. The discussions were conducted in a conversational manner but focusing on the main issues of FDI in large-scale agricultural processes and impacts on their localities. Questions were carefully worded in order to confirm or refute information gained from other data sources such as local government, community elders, and the investment project representatives. Since each community has its own ethnic group (Nuer or Anuak) and speaks its ethnic language, quite a number of interpreters and facilitators were necessary for the focus group discussions with five communities (see 5.7.2.2). The Community Elders, who are recognized and respected and are involved in the arbitration of their community matters, were interviewed individually.

These interviews were conducted in English and Amharic (the working language of Ethiopia). A recording device was not used as it likely causes discomfort to the interviewee and instead of

recording, active listening technique was employed along with detailed interview note taking. These notes are the core interview data.

5.4.4 Direct observation

Direct observation is necessary to verify the data obtained from documents and interviews (Yin, 2003). The researcher undertook field visits to the case study areas to collect additional data, which largely consisted of interviews and direct observations. The researcher made a tremendous effort so as to enhance the reliability of the observational evidence. Hence, she took a research team consisted of a research assistant, technical assistants and interpreters, as well as District Administrators and Kebele Chairmen. Each had different backgrounds and functions in order to complement and validate the data obtained from direct observation.

The purpose of the direct observation of the case study project areas was many-fold. The direct observation enabled the researcher to ascertain if the foreign investors were using the leased lands for the agreed purposes. Secondly, whether the foreign investor had developed the land and produced the agricultural products as per the agreed scheduled. Thirdly, the direct observation enabled the researcher to determine if these investments created employment for local people and improved the local living standards (i.e. better roads, schools, and health centres). Fourthly, through the direct observation of the case study farms, the researcher was able to assess the environmental performance of the investment projects, including execution of the mitigation measures which are identified in the projects' environmental impact assessment reports. Similarly, this study was able to assess failure of the investment projects to adhere to the Ethiopian Environmental Code of Practice for Agricultural Investment which spells-out all the precautionary measures to prevent environmental degradation due to the agricultural activities. In addition, the direct observation of the agricultural sites enabled the researcher to identify clear cases where there was failure to adhere to the Ethiopian Labour Laws, especially occupational safety and health (see Appendix 10).

5.5 Fieldwork procedures and challenges

This sub-section demonstrates the fieldwork procedures and challenges faced during the data collection of this research. It also gives a brief description of Ethiopia's federal system to enable readers to understand the procedures involved in the collection of data for this research. The data were collected from diverse stakeholders including government representatives at all levels of

government (i.e. Federal, Regional, District, and Kebele), foreign investors' representatives and residents of the agricultural projects areas. The description of these key informants is given in Table 5-3, Table 5-4, Table 5-5, Table 5-6 and Table 5-7.

5.5.1 Ethiopian federal system

Aalen (2002, page 20), and Teshome and Záhořík (2008, page 2) articulate the pure meaning of federalism as a “division of power” and a “decentralized government”. These authors, however, stress that a country's economic, political and social conditions determine the federal system to be either symmetrical or asymmetrical. Aalen (2002), and Teshome and Záhořík (2008) further describe that the relationship of the vertical levels of government is largely determined by various social, economic and political conditions of a country. The introduction of ethnic federalism is one of the reforms Ethiopia introduced since the 1991 regime change. Accordingly, the Ethiopian state structure has a federal government at the centre and nine regional states pursuant to the transitional Charter (Proclamation No.7/1992) and the subsequent 1995 Federal Constitution of Ethiopia (Proclamation No. 1/1995) (see Figure 5-1).

Ethiopian regions are very different from one another when it comes to the ethnic composition, size of population and area, economic development and political landscape. This implies that the regions have different capacities to implement the Constitutional provisions. Also, the level of intervention by the central government varies in each region. For instance, regions such as Gambella and Benshanguel-Gumuz that are classified as emerging regions suffer from extreme poverty and have a serious lack of capacity to implement the decentralization programme. As such, they depend on the central government's technical and financial assistance to administer their respective regions thus relinquishing their regional autonomy.

According to Aalen (2002), the Ethiopian federal government gets the largest share of the revenue from taxes compared to the regions. Aalen (2002) concludes that this privilege gives the most lucrative income sources to the federal government. Berhanu (nd¹⁴) further elaborates on the Ethiopian federation and states that the incumbent party in power, the EPRDF, controls all branches of government both at Federal and State levels through the party system and its affiliates. Thus, the Ethiopian ethnically-based federalist system is asymmetrical and the lack of financial

¹⁴nd – no date

independence of the regions contributes to a weakening of the federal division of power (Aalen, 2002; Teshome and Záhořík, 2008).

The fieldwork of this research took place at federal and regional levels. The gateway for this research at the federal level was the EAILAA, established to facilitate the overall agricultural investment, land administration and transferring process (see Figure 5-2 and Figure 5-4).

5.5.2 Federal level

The University of Cape Town (UCT) wrote a letter to introduce the researcher, the aim of the research and to request assistance in the provision of access to documents and possible interviews. This was presented to EAILAA. The Director-General of the Agency received the letter as well as the synopsis of the research and gave instruction to Directorates that were relevant to the study (See Figure 5-2). Based on his instruction, the researcher contacted the relevant Directorates, namely Land Administration, Environmental Protection, Investors' Support, Monitoring and Evaluation, Legal Affairs, and Agricultural Economic Zone. At each first meeting, the researcher explained the objectives of the research and the documents needed from their respective directorate including Agricultural Investment Contractual Agreements of each case study's company and Environmental Impact Assessment (EIA) Reports of the case study projects.

At that time, the Agency had just moved to a new building; documents, including the EIA reports, were not yet unpacked. The researcher went another time and some of the EIA reports¹⁵ of the research case studies were found but she was told to flip through them in front of the officials as making copies or scanning the EIA reports was not allowed. This is in spite of the fact that these reports should be at the public reach according to the EIA Proclamation #299/2002 sub-article 1 of article 15 which states "the authority to make any environmental impact study report accessible to the public and solicit comments on it". When the researcher reminded the officials about the EIA Proclamation that EIA reports should be in the public domain, they responded by saying that they have not denied giving access to it, but this was limited to flipping through more than 200 pages of an official document of each case study in a limited time. Anyone with a proper sense

¹⁵ The EIA reports of the research case studies are vital in order to respond to the research questions related to sustainability.

can understand that it is difficult if not impossible to analyse a document with such restricted access.

As per the EIA Proclamation, EIA reports should be prepared in three copies to be given to the Ministry of Environment and Forest (MoEF), the Investor Company and the EAILAA. When the researcher realized it was not possible to get copies of the EIA reports from the EAILAA, she requested the investor companies such as Shaporji (S&P) Energy Solutions PLC who responded by saying that the government (authority) has a copy and to get it from them. The researcher also approached the MoEF for the case study EIA reports, however, the Ministry could not trace the requested reports. This came as a big surprise to the researcher since the EIA report of each project should entail mitigation measures for the identified negative risks and a timeline for its execution and this needs to be ensured by the authority in order to prevent the project's adverse impact on the environment and the community. The Ministry's excuse was that it gave delegation to the EAILAA to handle agricultural related environmental issues through its Environmental Protection Directorate to whom the Ministry provides training, guidelines and requested technical support, as well as monitoring and evaluation. However, as the MoEF, they at least need to have on hand the EIA reports of the agricultural projects in order to follow their adequate implementation. Large-scale agricultural projects, which often claim forests and woodlands and use hazardous chemicals, can have huge impacts on the environment. The Ministry has the overall responsibility to ensure the implementation of the mitigation measures that are spelled-out in each agricultural project's EIA report so as to prevent/minimise the adverse impact of these projects on the environment.

After collection and reviewing documents at Federal level, the next step was to go to the region where the case studies are located. In order to collect data in the regions, one needs to have a support letter from the relevant office at the federal level. In the case of this study, it was the EAILAA. In addition, one has to contact the offices of each investor company in Addis Ababa (the capital of Ethiopia) to get permission in order to visit their farms (see Figure 5-4). The researcher handed over a request letter to the Agency for them to write her a supporting letter for their counterpart in Gambella regional state as well as contact persons and telephone numbers of the investor companies. During that time, the Director-General of EAILAA, who instructed the relevant Directorates to assist the researcher, was away for a couple of weeks and the request letter was given to the Officer-in-Charge who responded by saying that the support letter will be prepared when the Director-General assumes their job (i.e. after 2 weeks). Writing this kind of

letter is a general practice in Ethiopia but the Officer-in-Charge refused to cooperate unlike the Director-General and his assistant who were cooperative and gave due value to the research. The researcher managed to contact the Director-General by phone and explained the situation. He then phoned the Officer-in-Charge and instructed him to effect the letter and also to provide the needed information with regard to the investor companies. The requested letter and the companies' contact numbers were finally given after the researcher was forced to wait the whole day. However, most of the investor companies' telephone numbers, provided by the Agency, were non-existent. The researcher informed the Agency of the situation and they then provided working telephone numbers.

Upon receipt of working telephone numbers, the researcher called and introduced herself; asked for an appointment as well as the location of each office. It was firstly difficult to find some of the companies as they did not display name signs outside the premises. Secondly, they were in residential areas of Addis Ababa where offices are not expected. The three companies, namely Karuturi, BHO and Shaporji did not have signposts of their companies' names outside their offices and they were located in the residential areas. It was difficult to find them and it is thought inappropriate to operate an office without signage. This also raises questions as to why these companies seem to not want to reveal their locations.

Nevertheless, all the relevant offices, except Ruchi Agri PLC, in Addis Ababa, were contacted with UCT supporting letters. Only two companies namely, Saudi Star Agro Development PLC (a Saudi Company and managed by Ethiopians) and Toren Agro Products PLC (a Turkish Company) received the researcher favourably and were cooperative. Karuturi Agro Products PLC (an Indian company) was not willing to receive the researcher despite her countless visits to that office. The representative from BHO Bio Products PLC (an Indian company) thought at first that the researcher was from EAILAA, and so was willing to meet. At the meeting, the researcher introduced herself and presented the UCT letter and the synopsis of the research. After the representative understood the purpose of the visit, he wasn't keen to give any information explaining that he needed to first obtain permission from the company's headquarters in Delhi, India. The same applied to Shaporji Energy Solution PLC (an Indian company). The representative of Shaporji responded by saying that he needed to get permission from the company's headquarters in Mumbai, India.

After the primary and secondary data collected from Gambella regional state, in order to substantiate the data, the researcher collected additional primary and secondary data from various government and non-governmental offices at the federal level (see Figure 5-2). The researcher first visited the offices and gave the UCT letter together with the research synopsis to the Record and Archive Section which is the gateway for each visited office. During this first visit, the researcher identified the relevant departments for the research. After identification of the departments/directorates, the researcher made contact with the Heads of the Directorates and made appointments.

Most of the officials were not available at the scheduled time as they were undertaking ad-hock assignments such as attending meetings, seminars, and training. The researcher had to make countless visits to the offices and wait many hours before conducting the interviews and obtaining documents relevant to the research. Some of the officials were cooperative and tried to accommodate the researcher in their spare time (i.e. early morning starting 6:30 or after work starting 18:00) after many appointments during working hours failed.

Some officials even refused to see the researcher after they received the UCT letter. For example, the Director of Harmonious Industrial Relations of the Directorate of Ministry of Labour and Social Affairs (MoLSA), refused. His secretary received the UCT letter from the Ministry Record and Archive Section. Upon receipt of the UCT letter, the officer personally handed over the letter to the secretary of the mentioned Directorate Director in the presence of the researcher. The secretary then gave the office telephone number to the researcher to follow up the decision. The researcher called the Director's office as instructed and the secretary responded by saying that the UCT letter was sent back to the Ministry Record and Archive Section, where it was first submitted, and advised the researcher to contact them. Following the secretary's advice, the researcher went to the mentioned office to ask about the status of the letter. The official at the Record and Archive Section of MOLSA responded by saying that they neither have the right to tell what the Director wrote on the UCT letter nor to give back the letter to the researcher but to keep it in their file. The official, however, advised the researcher to go to the Director's office and to hear the decision from him. The researcher went to see the Director as advised, but he continued to refuse to meet the researcher after her several visits to his office (see Figure 5-2). The researcher then asked the secretary to share the decision made, the secretary insisted on hearing it from the Director. This type of challenge highlights the limitations of studies such as this in Ethiopia.

Other government and non-government offices where primary and secondary data was collected at federal level included MoLSA, Ministry of Finance and Economic Development (MoFED), Ministry of Agriculture (MoA), MoEF, Ethiopian Investment Agency (ETIA), Development Bank of Ethiopia (DBE), Commercial Bank of Ethiopia (CBE) , and Ethiopian Confederation of Trade Union (ECTU) (see Table 5-3). The interviews with these officials were conducted mainly in Amharic (Ethiopian official language) and at times in English. There was no need for an interpreter.

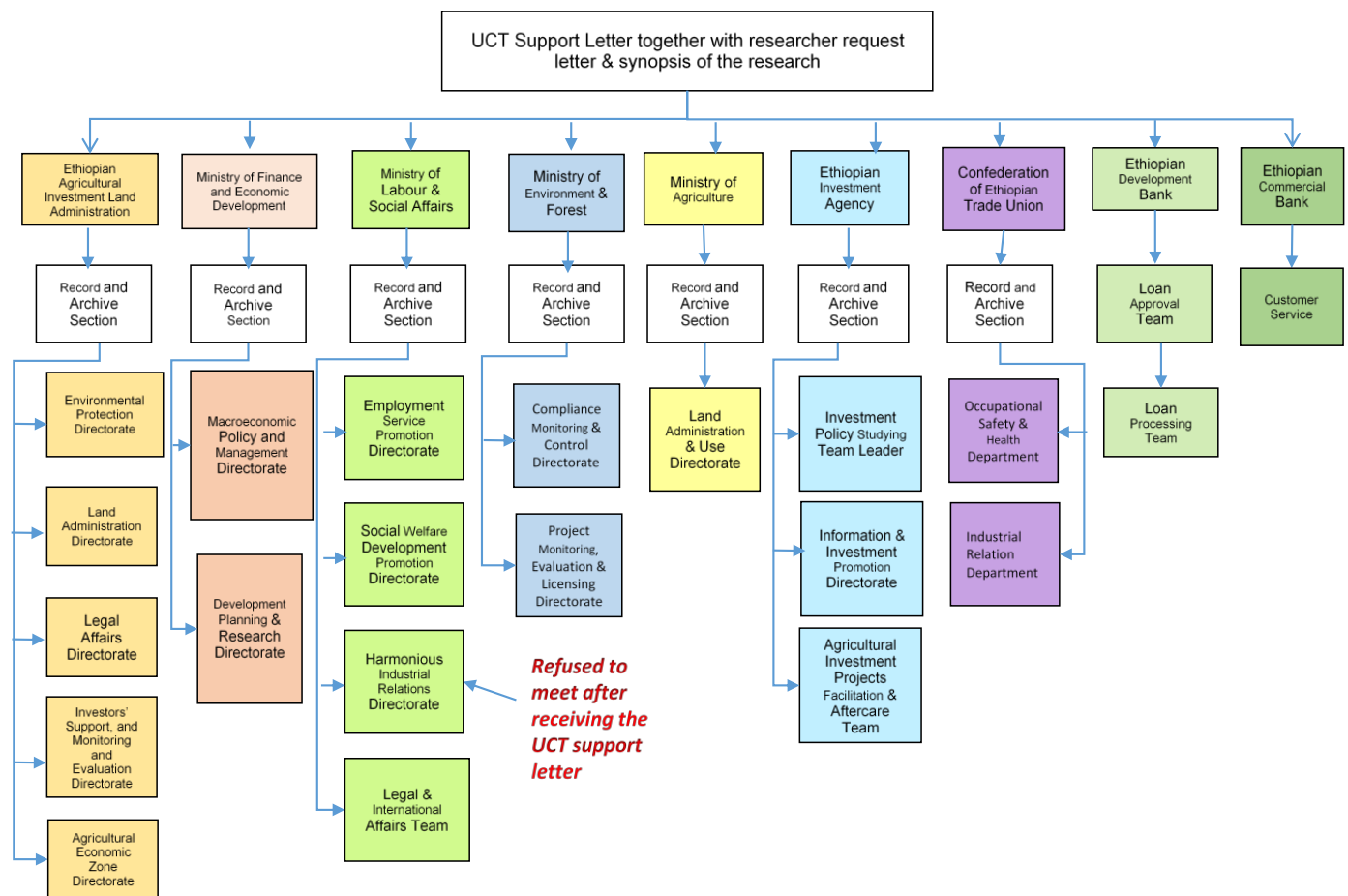


Figure 5-2: Approval procedure for data collection at Federal level

5.5.3 Regional and district level

The researcher travelled to Gambella Town, which is the capital of Gambella regional state and where regional bureaus are located (see Figure 5-3). The Investment Bureau of the region to which the support letter was written was the gateway for this research to collect primary and secondary data in the region. The Bureau's Director-General openly received the supporting letters from

EAILAA and UCT and facilitated the visit to other regional and district government offices (see Figure 5-4) by writing a supporting letter for each one of them. A letter was also written to each case study company in the region to facilitate their cooperation with the researcher, including the provision of access to their farm sites. The Regional Agricultural Development Bureau also wrote a supporting letter to each case study company.

The collection of data at regional government offices included the following departments: the Bureau of Agricultural Development (BoAD), Land Utilization, Administration and Environment Protection Authority (LUAEPA), Bureau of Labour and Social Affairs (BoLSA), Wildlife Conservation Authority (WCA) (Gambella National Park Office), Horn of Africa Gambella Regional Environment and Network Office and the Bureau of Statistics (BoS). These were facilitated through the supporting letter from the Regional Investment Bureau as well as a technical assistant from the Regional Agricultural Bureau whom the researcher identified and contracted prior to coming to Gambella. This technical assistant also helped in identifying other technical assistants in various districts to facilitate the collection of data in their respective district including District Administration level as well as at Kebele level (i.e. the lower level of government – village level). The key informants at the regional offices were responsive and cooperative to the extent that they were making their spare time (i.e. lunch and after work) available for the interviews. One of the key informants from the Land Utilization and Administration Office, who was under treatment for malaria during the visit, made himself available for the interview. This shows the value these officials gave to this research (see Table 5-4).

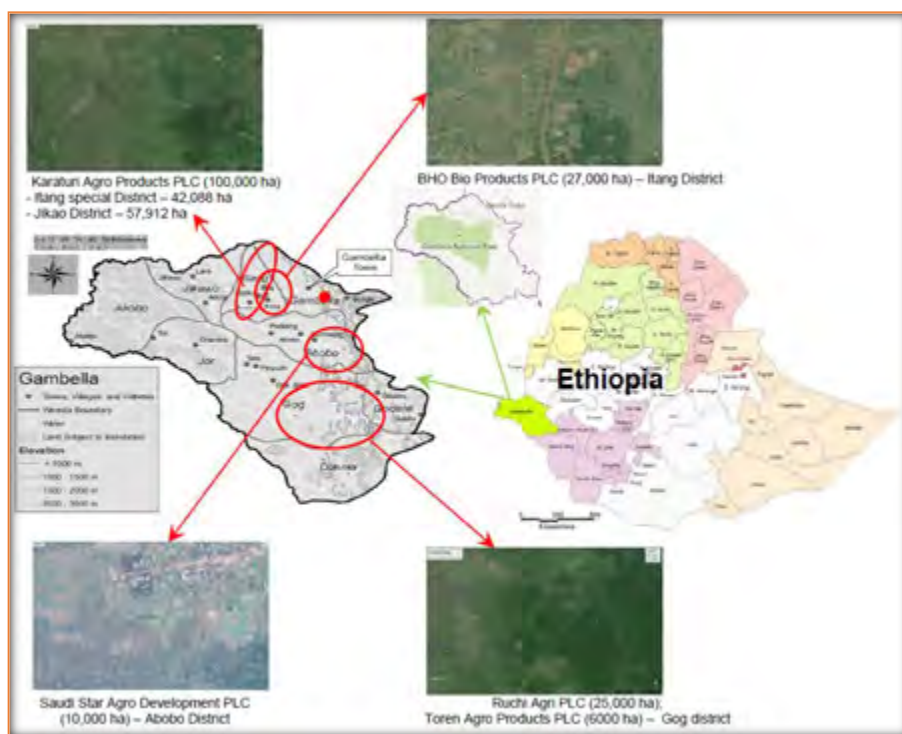


Figure 5-3: Case studies project areas in Gambella regional state of Ethiopia

Source: (UN Emergencies Unit for Ethiopia, (2000), Modified)

After conducting interviews at the Regional level, the next step was to go to the Districts where these research case studies were located (see Figure 5-3). At District level, the gateway was the District Administration Office. After conducting interviews with each District Administrator (see Table 5-4), the researcher was advised by the District Technical Assistants¹⁶ to request the District Administrator to facilitate the visit to agricultural investment projects that fall under their District (see Figure 5-3). This is because there was a severe security problem in the region. The factors that caused the security problem are many-fold. They include the conflict in the Republic of South-Sudan that created a cross-border conflict, communities' resistance to a huge influx of large-scale agricultural investment projects, and ethnic conflicts between indigenous people and agricultural workers from other parts of Ethiopia. All foreign-owned large-scale commercial farms were guarded by militias as there were constant attacks. Large-scale agricultural investments are a very contentious issue and most of the companies involved in these case study areas were not willing

¹⁶ The district technical people were from district agricultural development bureaus.

to receive the researcher on this subject. There were physical checkpoints, where these militias were stationed, far from the boundaries of these large-scale commercial farm sites.

The process to enter into the agricultural investment project sites involved not only presenting supporting letters from the investor company office in Addis Ababa, and different levels of government (i.e. Federal, Regional and District) but also being accompanied by Technical Facilitators from the Regional and District Offices (i.e. Regional and District Bureaus of Agricultural Development), a District Administrator (who has authority) from each District Administration Office for each agricultural investment project, and Interpreters¹⁷ (see Figure 5-4). These farms are huge, the minimum size noted during the fieldwork phase was 6,000 ha while the maximum was 100,000 ha (see Figure 5-3). These sites include office buildings, staff residences and, in the case of Saudi-Star, a factory¹⁸ as well. From the checkpoint to the office buildings was quite a distance for some of the farms. In many cases, the researcher's vehicle was not allowed to pass the checkpoints where the militias were stationed. The researcher was obliged to walk the remaining long distances (about 2 km in one case) in excessively hot weather – i.e. temperature ranging from 40 to 45 degrees centigrade.

¹⁷Gambella has five indigenous ethnic groups, namely Agnwak (27%), Nuer (40%), Majanger (6%), Opo and Komo (3%). The two main ones are Nure&Agnwak. Depending on the ethnic groups of the district where the case studies of this research, interpreters were hired.

¹⁸ Saudi Star installed a rice milling factory to remove the husk.

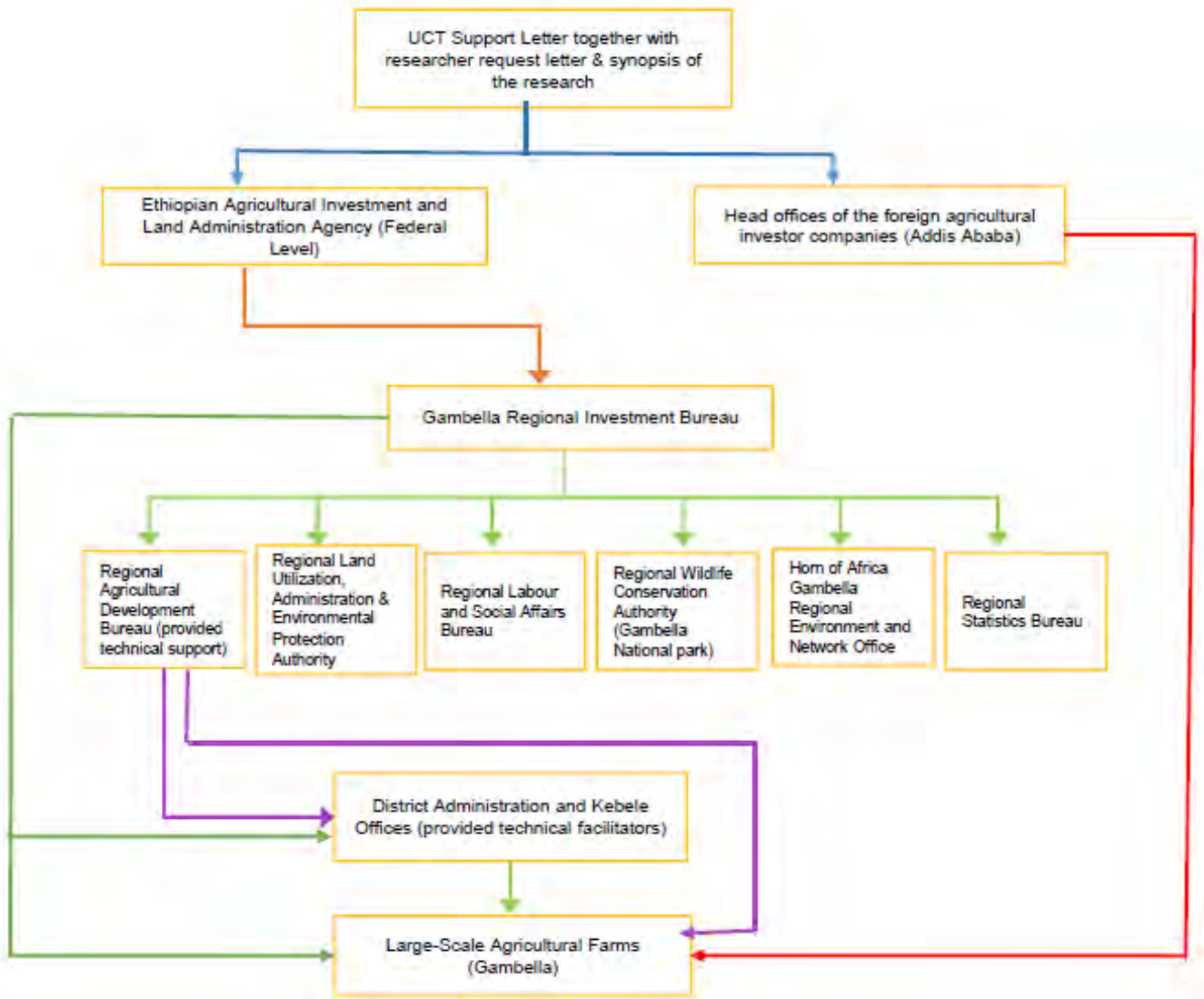


Figure 5-4: Approval procedure for data collection in Gambella Regional State

5.5.4 Investor companies

The case studies of this research are six foreign investment large-scale agricultural projects, located in Gambella and Benshanguel-Gumuz regional states (see section 5.3 and Table 5-6). These regions are known as emerging regions due to significant lag in their social and economic development compared to other regions in Ethiopia. They are mostly dominated by agro-pastoral communities. Their ethnic groups have little presence in the national political landscape. Furthermore, they suffer from chronic marginalisation in terms of social and economic

infrastructure development. Many parts of these regions are not yet accessible by modern transportation and communication facilities (MoFED et al, 2007).

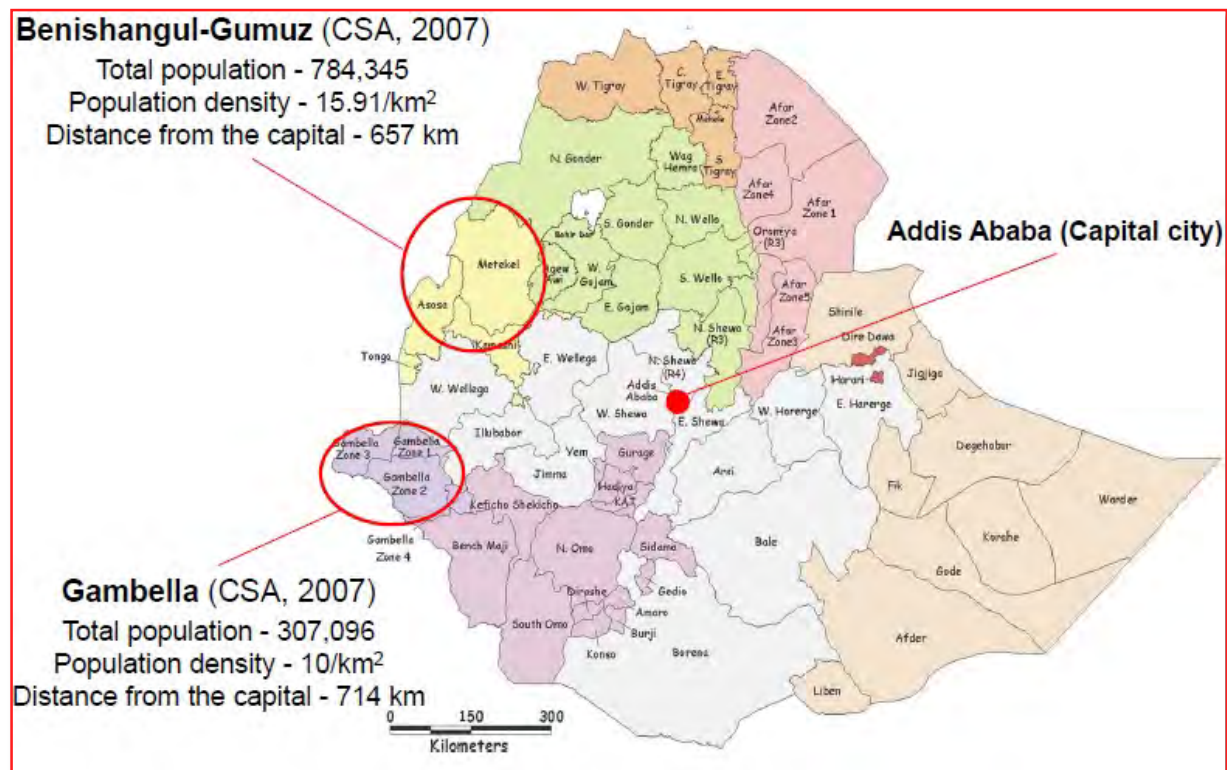


Figure 5-5: Location of the case studies regions in Ethiopia

Source: (UN Emergencies Unit in Ethiopia, 2000, Modified)

The following sub-sections present the research case study data.

5.5.4.1 Saudi Star Agro Development PLC

Saudi Star Agro Development PLC is a Saudi Company that leased 10,000 ha of land for 50 years to produce rice. The company office in Addis Ababa is located in the business district. They were very welcoming and provided the necessary information including the Environmental Impact Assessment report of the agricultural project. They were also available for a meeting and prepared a letter that enabled the researcher to visit the farm, though, like the other foreign-owned large scale farms, it was guarded by militias. It is also understood that in 2012, the company lost two of its foreign staff (Pakistani engineers who were working on the 32 km irrigation canal to connect Alwero river dam) due to attacks. The canal was work in progress during the visit (see Figure 5-6). After fulfilling the procedure of visiting the farm (see Figure 5-4), the researcher and the team

were allowed to enter. The Farm Manager received the team very well and participated in the open-ended interview. He also facilitated the visit to the farm and the factory where the researcher managed to interview one of the factory workers on issues related to the factory's labour standards including occupational safety and health.

Figure 5-6: Unfinished irrigation canal of Saudi Star Agro Development PLC



5.5.4.2 Ruchi Agri PLC

Ruchi Agri PLC, an Indian Company that leased 25,000 ha of land for 25 years to produce soya beans, was also guarded by militias. As shown in Figure 5-3, this farm is located in Gog district adjacent to Abobo district where Saudi-Star is located. The road between Abobo district and the Gog district was very poor. At one time, the vehicle registration number plate was lost under water in the deep puddles along the route. Driving without a registration number plate put the fieldwork team in danger. Due to the region's security situation, there were militias as well as members of the police force who stopped the team along each route and checked the vehicle. We had to show them our identity cards and our purpose for being on that road. Having government officials (i.e. Technical Facilitators and District Administrators) from the region and district greatly facilitated the researcher in her travels to collect data. The researcher was first met by two Indian gentlemen, one was a Human Resources and Finance Officer while the other was a Civil Engineer. After a few minutes of discussion, they proposed to call the Farm Manager who was also an Indian. They were cooperative in giving access to the farm site, were available for the interview and provided access to their documents which substantiated the primary data. However, they were not able to provide the environmental impact assessment report of the agricultural project which is a vital document and should be available at the farm.

5.5.4.3 Toren Agro Products PLC

Toren Agro Products PLC, a Turkish Company that leased 6,000 ha of land for 25 years to produce cotton and soya beans, was also guarded by militias. The farm is located in Gog district about 30kms away from the District Administrative City and about 50kms away from Ruchi Agricultural Farm. The road was very bad and exacerbated by continuous heavy rain. Due to the condition of the road, the driving speed was restricted to 15km/hr. When we reached the last town before the farm (about 20km away from the farm), driving became impossible and darkness fell. There was a curfew due to a security issue and so the field team had to return to Gambella Town. As a result, the farm site was not visited. The researcher immediately contacted the representative of the company who advised to meet in Addis Ababa for the interview and gave an appointment as well as the address of the office. The company office in Addis Ababa had a sign-post and it was easy to find it. The researcher then met with the Representative and Administrative Officer who were extremely cooperative. During the interview, the interviewees provided the documents including the environmental impact assessment report of the agricultural project as well as the competency certificate for the company's good environmental performance from EAILAA.

5.5.4.4 BHO BIO Products PLC

BHO Bio Products PLC, an Indian Company that leased 27,000 ha of land for 25 years to produce cereal crops, pulses, and edible oil crops, was guarded by militias. They denied the researcher access to their farm site. The researcher with the Regional and Kebele (lower level of government) Government Officials arrived at 10:00 in the morning of 21 November 2014 at the checkpoint of the BHO farm site (see Figure 5-7) and explained the reason for the visit and handed-over the supporting letters from Regional Investment Bureau, Regional Agricultural Development Bureau as well as UCT to the Security Guard who took the letter to the office (walking¹⁹). The distance from the checkpoint to the office was more than one kilometre. The security guard came back and told us that no one was in the office and to return at 12:00, which we did. Again a similar process – we had to wait at the checkpoint until the guard walked to the office and back.

¹⁹ There is neither telephone nor golf cart for internal communication despite the distance from the checkpoint to the office building



Figure 5-7: Checkpoint of BHO Bio Products PLC

This time, the guard came back with a mobile telephone number which the researcher tried to call from there but there was no network, which the farm manager of course knew. We had to wait at the checkpoint for more than an hour until the guards came back. The temperature was more than 40°C, in a strong mid-day sun and there was no shade and there was no place close by to get shelter (see Figure 5-8). Our vehicle,²⁰ an old car without air-conditioning, was become like a sauna. Our movement was watched by militias who were guarding the farm. The researcher asked the Security Guard (hired by the government) who understood the situation, to let her in. As he observed how the researcher was treated, he took his decision and escorted the researcher to the office where the Farm Manager was seated. The Farm Manager, an Indian gentleman who noticed the researcher was coming towards his office with the Security Guard, went out of his office and stood on the veranda. He appeared inhospitable and disinterested when the researcher approached him. He refused to talk to the researcher, saying that he did not know anything, instead he advised her to contact the Company's Representative in Addis Ababa. This had already been done in the preliminary stage. That Representative had told her that he needs permission from the company headquarters in Delhi, before going to Gambella.

The researcher, fortunately, found the local farm workers, who broke for lunch and gathered under the tree close to the checkpoint. The researcher asked them if they are willing to have a discussion and they accepted without reservation. The focus group discussion started but was not completed as the process was surveyed by the Indian Farm Manager. He drove over and shouted at the guards for allowing the researcher to talk to the workers. As such, the researcher was not able to visit the

²⁰ The researcher made arrangements with one of the regional government offices to use their vehicle & driver to facilitate movement within the region as there were checkpoints in each 10 km due to the security issue.

farm and conduct interviews with the farm manager or company representative. These events prompt one to question whether there might be improper activities being conducted on the site. The researcher and the government officials immediately informed the regional authority about the incident and called for their action.



Figure 5-8: Shows the localities of BHO Bio Products PLC

5.5.4.5 Karuturi Agro Products PLC

Karuturi Agro Products PLC, an Indian Company that leased 100,000 ha of land for 50 years to cultivate palm, cereals and pulses, was not responsive to the researcher's request despite her countless visits to their office in Addis Ababa. This was located in a residential area and there was no signage of the company's name so it was difficult to find it the first time. The researcher met with local and Indian staff but they all said that the Company Manager was away. The researcher asked to get the telephone number of the Manager but they refused to give this. Instead, they asked the researcher to leave her details so that the Manager could get in touch. Accordingly, the researcher gave her contact details but she never heard from them. Nevertheless, while in Gambella regional state, the researcher discussed these difficulties with the Regional Investment Bureau as well as the Regional Agricultural Development Bureau. Both Regional Offices wrote supporting letters to the company to facilitate a successful visit to the farm site as well as the conducting of an interview. In response to the request for documents such as the environmental impact assessment report of the agricultural project, the interviewee advised that the company's office in Addis Ababa be contacted, but that avenue had already been exhausted.

5.5.4.6 *Shaporji (S&P) Energy Solution PLC*

Shaporji Energy Solution PLC is an Indian company that leased 50,000 ha to produce bio-fuel. The farm is located in Benshanguel-Gumuz regional state. The researcher met with the company representative in their Addis Ababa office, on the 10 November 2014, where she presented the UCT letter as well as the research synopsis. She explained that his company is one of her case studies and requested documents, such as environmental impact assessment report of the agricultural project, related to the research as well as a permit to visit the farm. As soon as the representative read the letter and the research synopsis, his tone has changed and asked “why do you do a research on this subject? Why do not you do on other subjects such as textiles where the Turkish are involved, and construction where the Chinese are involved? Why should we give information to UCT which is a South African University and we do not know UCT’s intentions and what they will do with our information?” The researcher tried to respond to all his questions and politely asked him permission to visit the farm and provided him the visit schedule. He said that the environmental impact assessment report of the project can be found at the government office. As for the visit to the farm site, there was no problem with the schedule but he stated that he needed permission from his headquarters in Mumbai, India. The researcher tried for more than a month to get permission but there was no response. As such, the researcher was neither able to visit the farm nor able to conduct the interview apart from the discussion during the first meeting.

5.5.5 Communities

The procedure to have focus group discussions with the communities that are adjacent to the case study farms is as follows: the Regional Technical Assistant informed the District Technical Assistant, who spoke the language of the community, to facilitate in identifying each Kebele Chairman (see Table 5-5) as well as the Interpreter. Following that, the researcher with Abobo District and Regional Technical Assistants as well as the Interpreter met with the Perbengo Kebele Chairman. In this meeting she explained the purpose of the visit, requested the procedure to have a focus group discussion with the community, and requested a prior meeting with the village elder/leader (see Table 5-7 and Figure 5-10). The Kebele Chairman advised coming early morning before the villagers start working at their farms (see Figure 5-9). Following the advice, the researcher with the Technical Assistants and Interpreters arrived at the Perbengo village very early in the morning and met with the Kebele Chairman who took the team to the Village Elder (Leader). The Village Elder had already been informed about the visit by the Chairman.

The researcher had separate discussions with the Perbengo Village Elder and requested him to facilitate the random selection of the Perbengo village residents. The Village Elder went door-to-door and asked people to come to the village meeting place which was under a big tree where there was a bench to sit. Once the villagers were gathered, the Kebele Chairman as well as the Village Leader introduced the researcher and the reason for the visit and then left. After these introductions, the researcher started by greeting the participants, introducing herself and thanking them for being available. This was followed by questions and discussions. All the discussions were in their ethnic language, namely Anuak. A similar procedure was applied to the other four villages (see Table 5-7), namely Wathgac Community (Itang-Special District), Illia Community (Itang-Special District), Pukedi Community (Abobo District), and Uleng/Pugnido Community (Gog District) (see Figure 5-3). The Wathgac Community ethnic language is Nuer while the rest is Anuak. The Nuer Community is engaged in semi-pastoralist while the Anuak Community is engaged in crop-farming, fishing, and hunting.



Figure 5-9: Perbengo community, adjacent to Saudi Star Farm, working at their farms using primitive tools

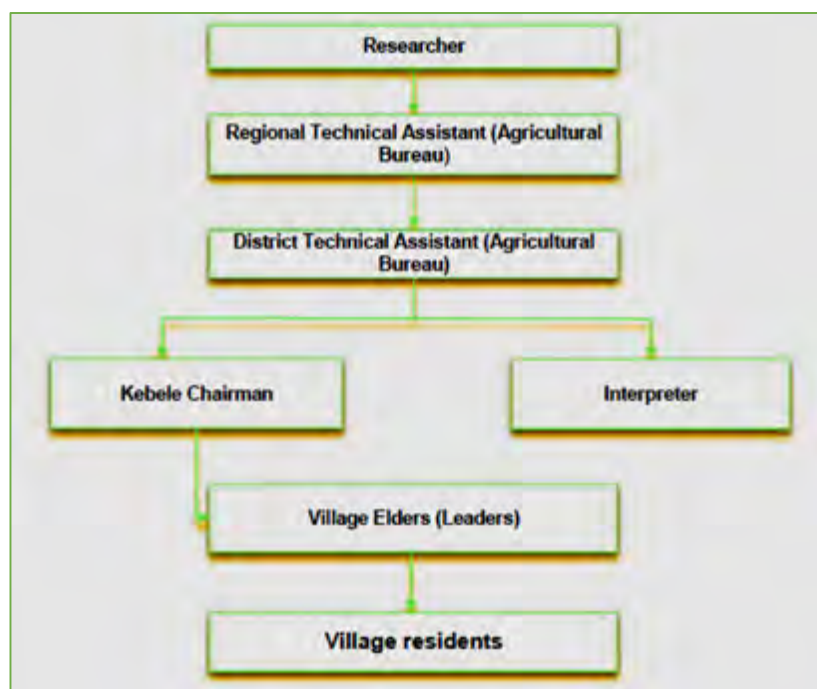


Figure 5-10: Approval procedure for focus group discussion with community

There were two major challenges the researcher faced in conducting the focus group discussions. The first one was the bad road condition compounded with rain and limited access roads. Due to the bad state of the roads, the vehicle broke down in the middle of nowhere. Although bad, there was only one access road to each village from Gambella Town (the capital of the regional state) almost like the spokes of a wheel, and so returning to the Town was necessary each time (see Figure 5-3). The other challenge was security. For each 10km stretch of road there was a checkpoint and there was also a curfew in place limiting travel to the daylight hours. When the vehicle broke down, the challenges of security and not sticking to the curfew were significant. On top of these are the threats of wild animals. Gambella is rich in natural resources; there are dense forestlands that are the sanctuary for many wild animals such as baboons, lions, elephants, antelope, buffalo and cheetah (see Figure 5-11). An improvised repair using a rubber rope allowed the research team to limp back to Gambella Town.



Figure 5-11: The situation (dusk and forest) when the vehicle broken-down

Another challenge to hold a focus group discussion with the community in various villages of Gambella regional state, was the language barrier. Gambella is a region with more than four local languages, which makes the use of interpreters a necessity. There were two main ethnic groups, namely Nuer and Anuak, in the research case study areas. The researcher needed different interpreters who knew the various communities' languages and traditions. The interpreters needed to be from each village so that they were known to the villagers in order to make these informants comfortable and so that they could also be engaged in the discussion. The interpreters were identified through the District Technical Assistant who had good knowledge of the area and contacts. In the focus group discussion, the interpreter's role was critical in the way he handled the informants. The informants' attitudes towards the interpreter could impact on the quality and quantity of the information gathered. It was, therefore, important to choose the right interpreter as the issues this study deals with could be contentious and people were afraid of speaking if they did not trust those present. Choosing the right interpreter was, therefore, crucial for the outcome of this research. All the interpreters had good language skills and varying degrees of data collection experience. The interviews with key informants (Government Officials) at District and Regional levels were conducted without interpretation since all of the interviewees spoke English and Amharic (Ethiopian official language which is spoken by the researcher).

5.6 Research ethics and positioning

It is difficult to report from an objective standpoint the researcher's bias and qualities of research (Yin, 2003). Nonetheless, critical thinking skills enable researchers/analysts to remove the effects of personal bias from the results through analytical or methodical evaluation of a particular situation (Henley-Putnam University, 2011). This approach was taken in the course of this study. The researcher self-financed all her studies including BA (Public Administration and Business Management) and MSc (Environmental Management and Policy) as well as MPH (Master of Public Health). All of these degree programmes were highly oriented towards social science with little natural science elements and founded in the post-positivism paradigm.

The researcher worked as a Programme Associate for the Non-Communicable Diseases Prevention Programme of the World Health Organization Regional Office for Europe in Copenhagen. Following that, the researcher worked as a Programme Officer for the Land Policy Initiative (LPI) Secretariat. The Initiative was jointly established by three Pan-African Organisations, namely African Union Commission (AUC), African Development Bank (AfDB) and United Nations Economic Commission for Africa (UNECA). Currently, she is working as a Programme Management Officer at the Strategic Planning and Operational Quality Division of UNECA.

The researcher was born in Ethiopia and brought up during the communist era in the 1980s. This era was marked by the famine of 1984, and the different wars that Ethiopia went through. These wars include the border issue with Somalia in 1977, the independence issue with Eritrea in the 1970s - 80s, and the liberation issue with the Tigray People Liberation Front (TPLF) from the North of Ethiopia in the 1970s - 80s, which aimed at liberating the Ethiopian people from suppression by undemocratic governments. In 1991, the current Ethiopian government,²¹ the then TPLF, and the Eritrean fighters overthrew the communist junta. This resulted in the establishment of a new government in Ethiopia with new political direction, and the granting of independence to Eritrea.

Prior to this research, the researcher had been involved in reviewing the various Ethiopian policies and strategies that are designed to reduce poverty and advance sustainable development. She is knowledgeable of the Ethiopian political, socio-economic, cultural and environmental conditions.

²¹ Ethiopian People's Revolutionary Democratic Front (EPRDF)

This background and experience provided the researcher unique, but essential, experience of the Ethiopian context and helped her tremendously to have a thorough understanding of the case studies - this would otherwise have been impossible.

The negative influence of bias on the study results and on the generalizability of the findings was controlled through multifaceted triangulation in the collection and analysing the case study data. The researcher's experience and expertise in soft systems methodologies and case study research facilitated the conducting of this study.

5.7 Analysis

The analysis of this research is based on the analytical frameworks that were established in Chapter 2 as well as the theoretical foundation that was discussed in Chapter 4. This research started by analysing the data as soon as the data collection started and continued after the data collection. This approach is in conformity with Yin (2003) who suggests that analysis of case study starts when data collection commences.

This research first developed a matrix where the interview questions, derived from the research questions, were grouped. Responses from each interview question by the various key informants were placed within such groups. The grouping was done using a colour code. Each key informant that was asked the same questions were given similar colour code.

The primary questions of this research deal with the Ethiopian investment policy support to the FDI in large-scale agriculture, as well as the policy encouragement for pro-poor and environmentally sustainable FDI in large-scale agriculture in Ethiopia. The Ethiopian investment policy support to the FDI in large-scale agriculture was assessed in two parts. The first part assessed the policy against the global and regional frameworks and guidelines that are developed to support the formulation and implementation of national investment strategies, policies, laws, rules, and programmes for effective agricultural sector development (see section 2.6.2). The second part assessment of the investment policy implementation using the six case studies conducted in this research (see sections 5.3 and 5.5.4). These foreign large-scale agricultural investment projects (the case studies) were also used to assess the strength of the institutions that promote agricultural investments and facilitate the operation of these investments in order to make them productive. Further analysis was made using the empirical findings of previous studies on

FDI and host country policies and best practices (see section 2.3) to determine the Ethiopian investment policy support for FDI in large-scale agriculture.

Remembering that the Ethiopian investment policy is geared to promote pro-poor and environmentally sustainable FDI in large-scale agriculture, its practical support for the foreign agricultural investments (the case studies) was assessed against the framework to promote environmentally sustainable and pro-poor FDI in large-scale agriculture (see sections 2.6.1.2, 2.6.1.3 and 2.6.1.4). The performance of each case study was assessed separately against each criterion for pro-poor and environmentally sustainable investment using a five-level rating system ranging from *very good to poor*. The numerical scores were assigned on a normative basis based on each case study's performance. Relevant findings of previous research were also used to deepen the analysis so as to conclude the practical support of the Ethiopian investment policy for FDI in large-scale agriculture to be pro-poor and environmentally sustainable (see 2.6.1.1).

Following the analysis of each case, a cross-case analysis of the six agricultural projects was undertaken. Based on their performance on the protection of the environment and their contribution to social and economic development, common conclusions were drawn on the support of the Ethiopian investment policy for pro-poor and environmentally sustainable FDI in large-scale agriculture (see Figure 5-12).

Furthermore, the historical background of FDI in large-scale agriculture in Ethiopia was reviewed to further enhance the understanding of the FDI trends and substantiate the conclusions on the nature and extent of the FDI in large-scale agriculture in Ethiopia (see chapter 3).

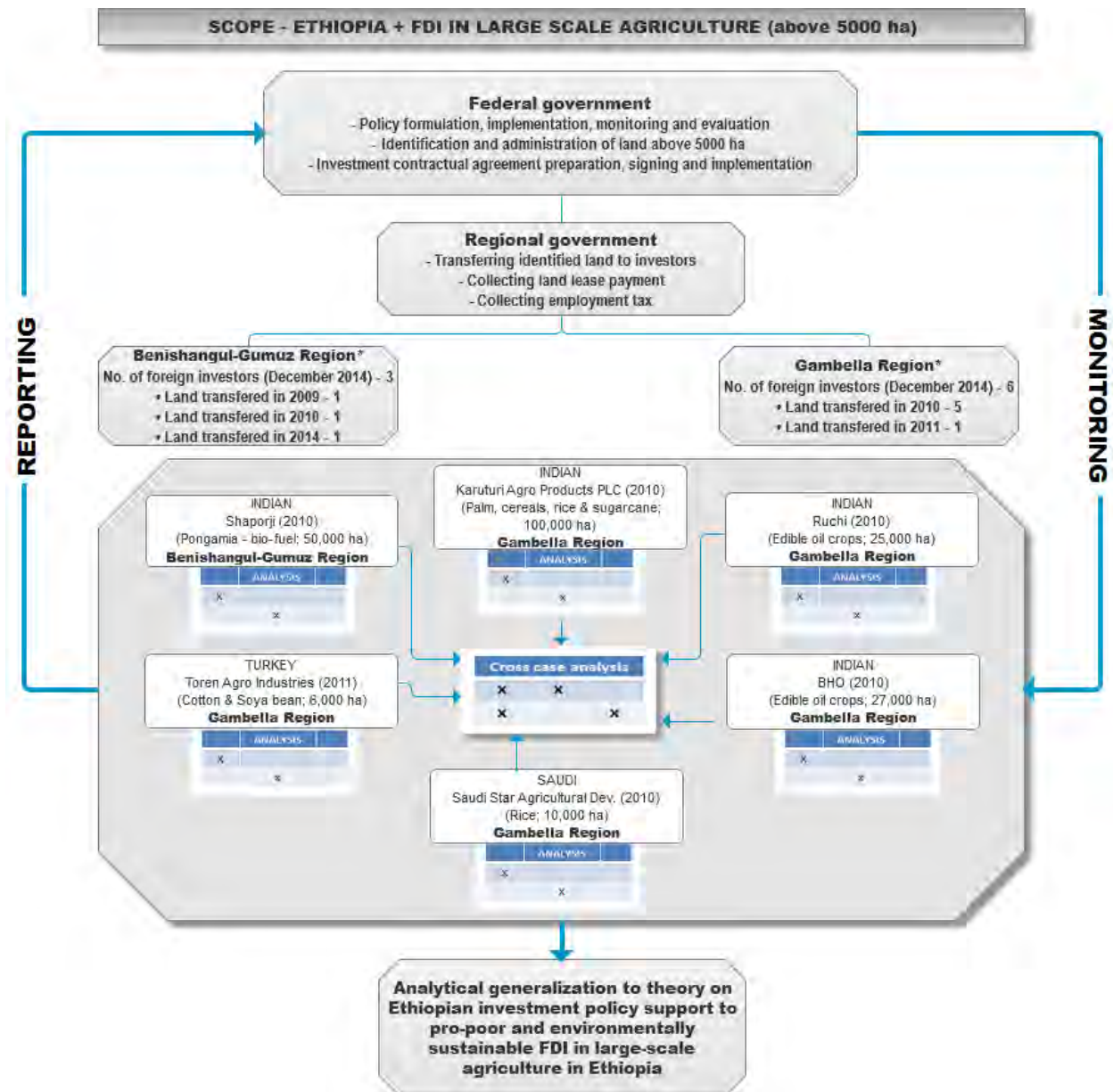


Figure 5-12: Cross-case analysis and analytical generalization to theory on Ethiopian investment policy support to pro-poor and environmentally sustainable FDI in large-scale agriculture in Ethiopia.

5.8 Summary

A case study methodology is identified as appropriate for this study. This methodology is also compatible with a critical realist paradigm which is the chosen theoretical framework. Multiple case studies were undertaken. The case study selection criteria were established in accordance with the purpose of the study. This study included 70% of the cases of FDI in large-scale agriculture in

Ethiopia in order to enhance the internal validity and the analytical generalisation to the theory on Ethiopian investment policy support for FDI in large-scale agriculture.

The selected case studies (i.e. agricultural projects) led to the case study areas. All the three regions, where FDI in large-scale agriculture is concentrated, were selected. These regions are Gambella, Benshanguel-Gumuz, and SNNPR. However, during data collection, the case study in SNNPR was not operational and thus it was excluded. Several data collection strategies were used, including documentation, in-depth interviews, focus group discussions, archival records as well as direct observation. These various sources of data collection strategies were very useful and complementary. They enabled data triangulation which enhanced the validity of the research.

During data collection, there were a number of challenges at Federal, Regional, District and Village levels. The main challenges were the lack of availability of critical documents such as EIA reports of the agricultural projects (i.e. the case studies), unavailability and refusal of key informants for interviews, denial of access to agricultural projects sites, and bad road and security issues in Gambella regional state. This study applied different strategies to overcome these challenges where possible and enabled satisfactory completion of the data collection (see section 5.5).

Each case study is analysed using tools identified as part of the research. These case-by-case results were then cross-compared (cross-case analysis) in order to draw general conclusions on the support of the Ethiopian investment policy for pro-poor and environmentally sustainable FDI in large-scale agriculture in Ethiopia (see chapters 6 and 8).

The next two chapters present the case study narratives as well as the Ethiopian policies and institutions that facilitate inward FDI in large-scale agriculture including the agricultural land lease format. Chapter 8 follows with the analysis of the policies and of the case studies.

Chapter 6 : Case Study Description

6.1 Introduction

This chapter describes the six foreign large-scale agricultural investment projects, chosen as the case studies for this investigation. They are also used to assess the level of support provided by the investment policy in practice to enhance pro-poor and environmentally sustainable FDI.

The case studies of this research were from Gambella and Benshanguel-Gumuz regional states where FDI in large-scale agriculture is concentrated (see Figure 6-1 and Figure 6-2). These regions are emerging regional states of Ethiopia²². Figure 6-3 and Figure 6-6 show the location of these regional states in Ethiopia. A brief description of these regions is given in sections 6.2 and 6.3. Furthermore, this chapter reports on the communities of the case study areas who are affected by the agricultural investments.

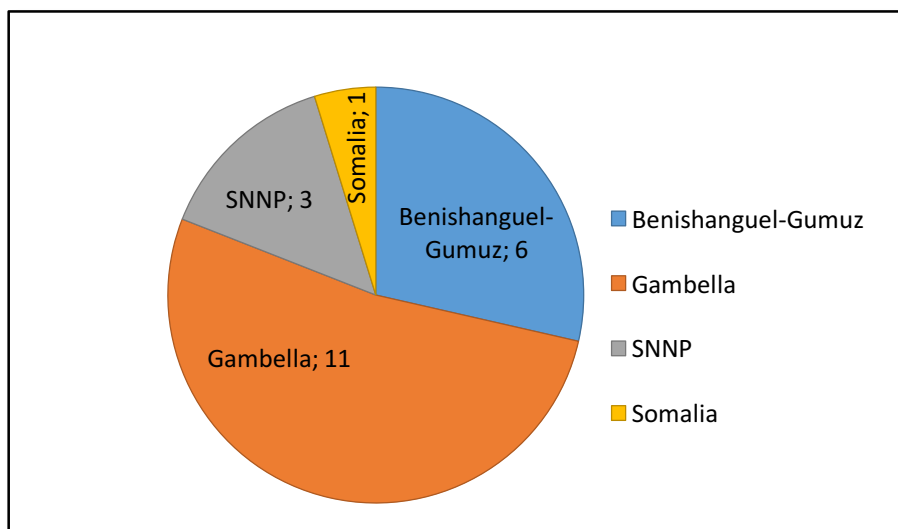


Figure 6-1: Total number of foreign investors in large-scale agriculture in Ethiopia as at December 2014

²²There are four remerging regional states that suffer from extreme poverty in Ethiopia. Those are Gambella, Benshanguel-Gumuz, Afar and Somalia.

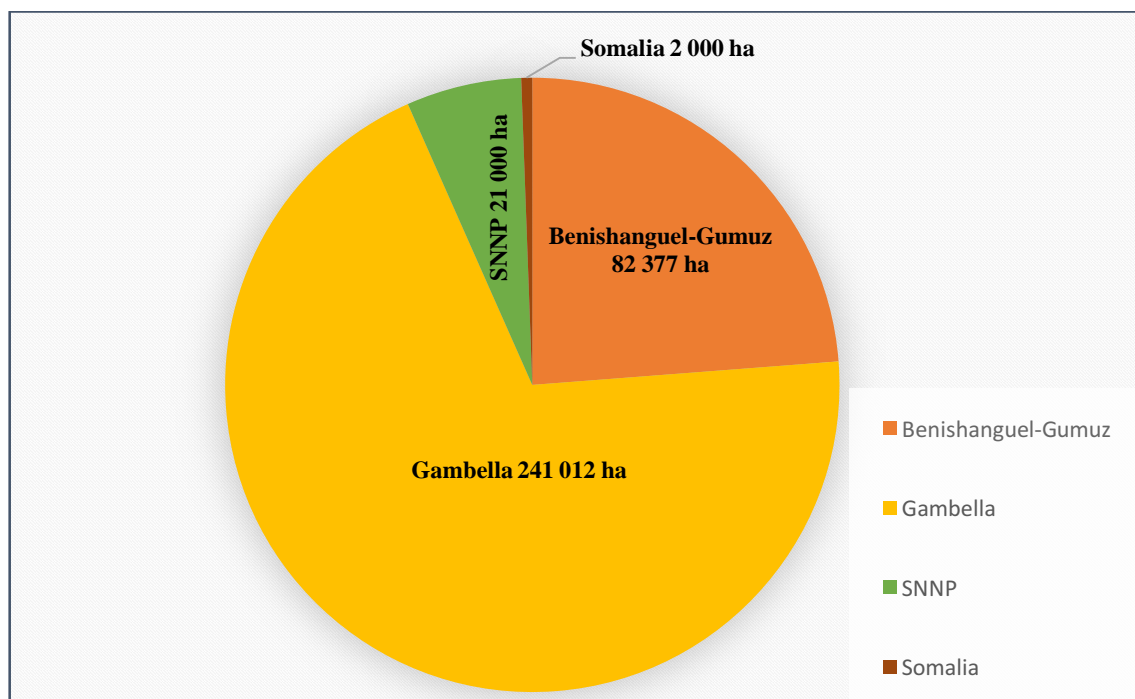


Figure 6-2: Total size of large-scale agricultural land leased by foreigners in Ethiopia in December 2014

6.2 Gambella regional state

Gambella regional state is found in the southwest of Ethiopia about 800kms from the Ethiopian Capital Addis Ababa (ETA, 2015). The region borders with the Republic of South-Sudan (see Figure 6-3). The total area of the region is 30,065 km² and the population is about 307,000. The average population density is around 10 people per square kilometre (see Figure 6-4). This makes Gambella regional state the most sparsely populated region in Ethiopia (HoA-REC/N, 2012). There are five indigenous ethnic groups, which comprise 76% of the total population of the region. These groups are Agnwak (27%), Nuer (40%), Majanger (6%), Opo and Komo (3%), with their own distinct languages. The two main languages are Nure and Agnwak. The Nure are mainly pastoralists while the Agnwak are crop farmers. The remaining 24% of the population are non-indigenous people from other parts of Ethiopia (Balcha, 2007). The communities are dependent on natural resources for their livelihoods. Forests are used for hunting wild animals, honey is extracted from beehives, wood is harvested for tools and grass for homesteads, medicinal plants are harvested and rivers are used for fishing (Balcha, 2007).



Figure 6-3: Location of Gambella Regional State in Ethiopia
Source: (Re:Common, 5th March 2015, np.)

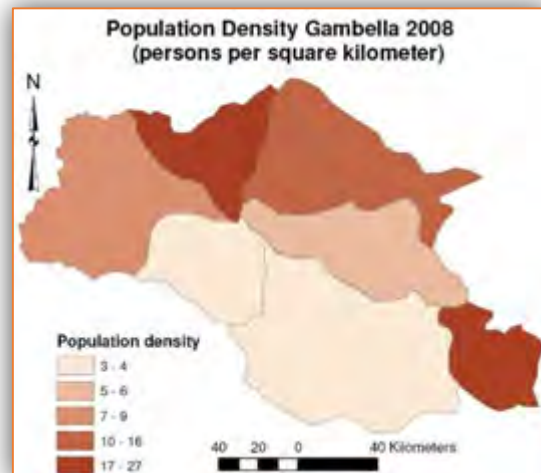


Figure 6-4: Gambella's population density in 2008
Source: (Ethiopian Demography and Health, nd, np)

The region is endowed with natural resources such as rivers, many kinds of woodlands, forests, savanna grasslands, permanent and seasonal wetlands, wild animals, and fertile soil. It has five ecological zones, namely plain-land, grassland, wetland, woodland, and forestland. The major rivers that Gambella treasures include Baro, Gillo, and Alwaro. Gambella's diverse wildlife makes the region unique. The park is endowed with a variety of fauna and flora. It shelters about twenty significant wild animal species, most of which have international importance, as well as various

kinds of birds, some of which are endemic. Wild animals such as wild pig, deer, elephant, lion, and cheetah can be found (Briggs, 2013). One of the region's treasures is the Gambella National Park which is located 768 km west of Addis Ababa (see Figure 6-3). It was established as a protected area in 1973 to conserve a diverse assemblage of wildlife and unique habitats such as an endangered species of wetland antelopes (Briggs, 2013; WCO, Pers., Reg., 2014).

At the time of data collection (December 2014), 70% of the FDI projects in large-scale agriculture were located in Gambella regional state (see Figure 6-2). Most of these agricultural lands were claimed from the Gambella National Park and other protected areas, indigenous forests, woodlands and savannah grasslands (EPU, Pers., Reg., 2014; WCO, Pers., Reg., 2014; FRAPUU, Pers., Reg., 2014; SNRDPUU, Pers., Reg., 2014).

The Gambella region has a severe security problem (see section 6.4). During the data collection for this research, there was a curfew and checkpoints along the thoroughfares. The region also suffers from poor infrastructure such as roads (see sections 5.5.3 and 5.5.5). The majority of local people live in abject poverty (see Figure 6-5). The average household income is Ethiopian Birr 13 (about USD 0.66) per day. Communities live below the poverty line as per the World Bank definition of extreme poverty "as average daily consumption of \$1.25 or less and means living on the edge of subsistence" (World Bank, 2010, np).



Figure 6-5: Indigenous people adjacent to the case study projects in Gambella Regional State

6.3 Benshanguel-Gumuz regional state

Benshanguel-Gumuz regional state is located in the northwest of Ethiopia about 1250 km from the Ethiopian Capital Addis Ababa (ETA, 2015). The region borders with Sudan (see Figure 6-6). The total area of the region is 51,000 km² and the population is about 656,000. The population density varies between towns with the highest being 92.3 and the lowest is 3.9 persons per square kilometre. It ranges from 1 – 13 persons per square kilometre (see Figure 6-7) and is sparsely populated (CSA, 2007).

The region has five indigenous ethnic groups, which comprise of 57% of the total population. These groups are Berta (26%), Gumuz (23%), Shinasha (7%), Mao (0.6%) and Komo (0.2%). The remaining 43% consist of non-indigenous groups from other parts of Ethiopia (Balcha, 2007). Major local economic activities are crop farming and cattle rearing. Locals also practice small-scale mining. The major agricultural products are millet, sorghum, coffee and mangoes. Their livelihood is dependent mainly on natural resources such as forests and woodlands for hunting

wild animals, honey beehives and forage, and wood production for construction and fuel (Shete, 2011).

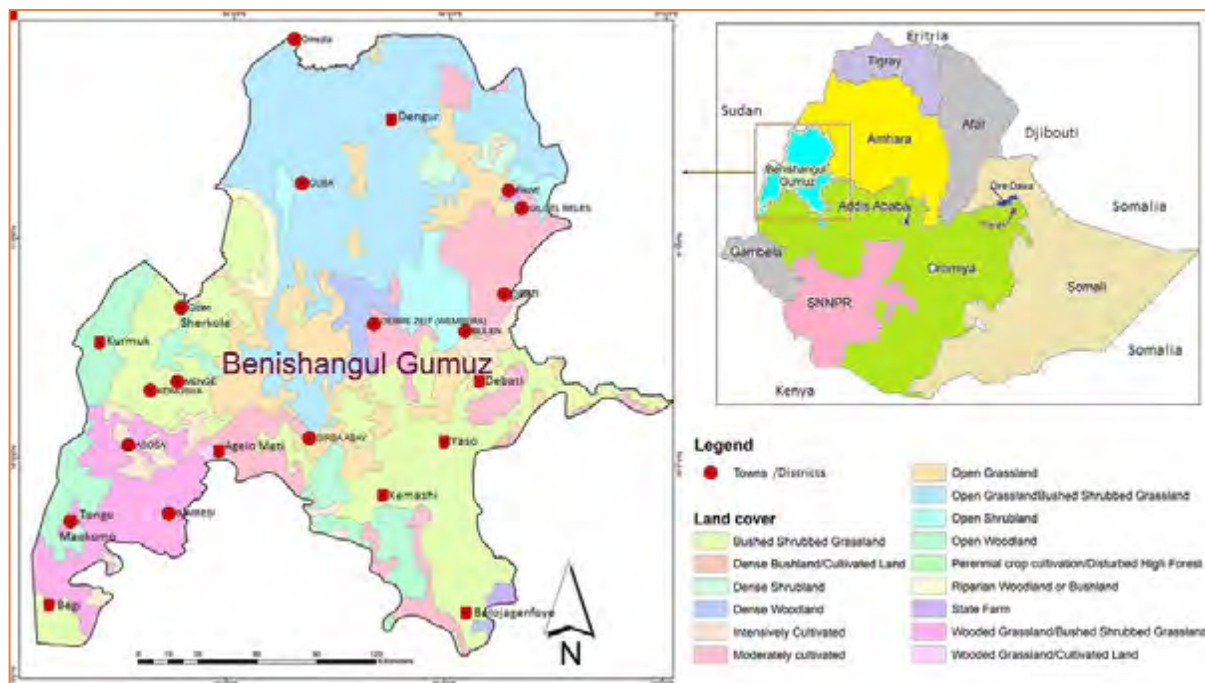


Figure 6-6: Benishanguel-Gumuz Regional State map and location in Ethiopia

Source: (Shete, 2011, page 6)

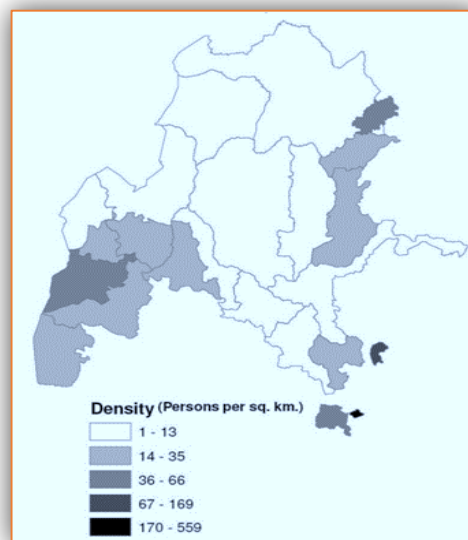


Figure 6-7: Benishanguel-Gumuz population density in 2007

Source: (Ethiopian demography and health, np.)

The region is endowed with natural resources including dense forests, river basins, precious minerals such as gold, copper, zinc, base metal, gum, granite, and marble (Shete, 2011). The two major river basins are Abay (Blue Nile) and Baro-Akobo. There are several small rivers, such as Dabus, Yabus, Dura, Julia and Beles. These river basins have huge potential to supply drinking water, to irrigate agricultural lands and to generate hydroelectric power. They are the major tributaries of the Blue Nile River. There are a diverse assemblage of wild animals including lion, cheetah, antelope, buffalo, warthog, bushbuck, and duiker. Despite having these many wild animals, dense forests, and woodlands, there is no reserved park (Assosa University, 2015; Shete, 2011).

At the time of data collection (December 2014), 24% of the FDI projects in large-scale agriculture were located in Benshanguel-Gumuz regional state. The region thus has the second highest concentration of FDI in large-scale agriculture in Ethiopia after the Gambella regional state (see section 7.2). These agricultural lands have mainly been claimed from forest lands.

The region is suffering from food insecurity and extreme poverty as in the Gambella regional state. Food insecurity is a major challenge and malnutrition is affecting the health of the communities (Benshanguel-Gumuz Region, 2005). The annual average income is about Ethiopian birr 7,850 (about USD 354). Local people earn less than USD 1 per day which is under the poverty line as the World Bank definition of extreme poverty.

6.4 Case study projects

This research case studies are six foreign large-scale agricultural investment projects, described below. Five of the projects are located in Gambella regional state and one of them in Benshanguel-Gumuz regional state (see section 5.5.4).

6.4.1 Karuturi Agro Product Plc

Karuturi Agro Product is an Indian private limited company that entered into a long-term agricultural land lease agreement with Gambella regional state, Itang and Jikao Districts' Administrations on 4 August 2008. The project aims to export palm, cereals, and pulse products on 300,000 hectares of land, leased at Ethiopian birr 20 (about USD1) per hectare per year for 50 years. The lease can be renewed for another period upon agreement between the two parties. The leased land is located in Nuer Zone, Jikao District and Itang Special District (See Figure 5-3). The major ethnic groups that surround the farmland are Nuer and Agnwak (see section 5.5.5).

In March 2010, the Council of Ministers passed a regulation that agricultural investment lands that are more than 5,000 hectares are going to be administered by the Federal Government, specifically the Ministry of Agriculture. As a result, Karuturi Agro Product Plc re-entered a land lease contractual agreement with the Ministry of Agriculture on 25 October 2010 (see Table 5-2). In this contract, the size of the land was reduced to 100,000 ha with the same land rent price per hectare per annum. The remaining 200,000 ha is going to be given only after the project has developed the 100,000 ha in two years' time - i.e. - 25 October 2012 (Land Rent Contractual Agreement of Karuturi, 2010).

The leased land was forest and savanna grassland, and some of the lands were claimed from the wildlife protected area of the Gambella National Park. The farmland is located between Alwaro River in the South and Southeast and Baro River in the North and Northeast. These two rivers are the biggest in Gambella region. The total length of the farm land is 118 km, excluding the Gambella National Park Corridor. The farm is divided into four camps and each camp administers about 25,000 ha of the leased land. One of the camps is a hub and located in IlliaKebele (population size of about 1330), Itang Special District. Two of the camps are located in Bildak and Knjikocho Kebeles (population size of about 672 and 757 respectively), Jikao District. The fourth camp is located in Pino Kebele (population size of about 768), Itang Special District. There was no eviction of local inhabitants for the provision of the farm land. However, the farm cleared the community ancestral burial sites (ILICO, Foc. 2014; ILICO-EL, Pers., Com., 2014; ILIKE, Pers., Keb. 2014).

In July 2011, the company commissioned an Environmental and Social Impact Assessment (E&SIA) for its agricultural project. This only occurred after three years of commencing its operation notwithstanding that the Ethiopian EIA Proclamation (Proclamation No. 299/2002) states that an EIA for projects should be undertaken before project commencement (Karuturi Agro Product Plc E&SIA Report, 2011; EIA Proclamation No. 299/2002; CMCD, Pers., Fed., 2014). The E&SIA study report of the Karuturi project acknowledged that it was prepared after the project started its operation and recommended immediate actions to be taken on the identified significant negative impacts of the project and spelled-out various mitigation measures. One of the measures is that the company should establish an Environmental and Social Affairs Unit (ESAU). This is in order to implement the mitigation measures identified in the E&SIA study report as well as to ensure the implementation of Ethiopia's Environmental and Social related policies, regulations, and directives including the Environmental Code of Practice for Agricultural Investment, prepared

by the Ministry of Agriculture in 2010. The E&SIA study report affirmed that the Karuturi agricultural project could only be feasible if the project implements the Socio-economic Impact Management Plan (SIMP) of the study without delay. If the SIMP is implemented in good time, it is expected to resolve the socio-economic problems that arose in the project area (CMCD, Pers., Fed., 2014; EPU, Pers., Reg., 2014).

The report identified that the Jikao district, where 58% of the leased land is located, has seasonal flooding during the rainy season (September and October). It also identified the high impact and significance of the Karuturi agricultural project's activities such as the construction of a water blockage system and the creation of dams to divert the Baro River's natural flow. These cause the river to overflow which negatively impacts the surrounding communities and the environment (EPU, Pers., Reg., 2014). The mitigation measures were described and recommended to be undertaken immediately. The report reveals that the estimated monetary values of the savanna grass, used for grazing by local pastoralists, and the indigenous trees, which have begun to be removed by the farm project, amount to Ethiopian birr 813,000,000 (about USD 47.4²³ million) and Ethiopian birr 350,000,000 (USD 20.4 million) respectively (Karuturi Agro Product Plc E&SIA Report, 2011). Between July 2011, when the company's E&SIA study report was published, and November 2014,²⁴ the company had not taken any of the mitigation measures described in the report.

During the data collection for this research in November 2014, 75% of the farmland and three adjacent villages (Bildak and Knjikocho Kebeles in Jikao District and Pino Kebele in Itang Special District) were flooded and it was not possible to visit the flooded farm sites and conduct focus group discussions with the affected villagers as they were displaced (see Figure 6-8). It is clear that extended flooding for more than three months can cause waterborne diseases and exacerbate the health situation of the flood-affected communities, especially children, women, elderly and people with disabilities. The region neither has the health infrastructure to respond to the disaster nor has the capacity to quickly provide the basic necessities such as medicine, clean-water, and

²³ The Ethiopian birr depreciated more than 100% against the US dollar since 2008 to 2014. The depreciation has been gradual i.e. USD 1 was about ET birr 9 in 2008, 13 in 2010, 16 in 2011, 18 in 2013, 20 in 2014.

²⁴ November 2014 is the time this research collected data in Gambella regional state.

food to the displaced people. The economic and social impact of the floods requires a further study that is beyond the scope of this research.

Area occupied by Karuturi Agro Products PLC
(100,000 ha)



Figure 6-8: Location of flood affected and displaced areas in Jikao and Itang Special Districts of Gambella Regional State

Source: (IOM, 2014, p. 5, Modified)

From the time when the project received the agricultural land in August 2008 until November 2014²⁵, it had developed 30% of the land notwithstanding its agreement to develop 100% of the leased land within two years. The farm completed 120 km of a drainage system, 120 km of dykes and about 50 km of canals (KAPP-SM, Pers., FIC., 2014) for its operation, though many of these are structurally defective (IOM, 2014; Yassin, 2014). This is confirmed by key informants from the project and the Regional Government Office. In addition, the interview revealed that for three consecutive years the plantation on the 29,000 ha of developed land in Jikao district was destroyed by the flood. During the data collection of this research, the project closed its operation in three of the camps. In the fourth camp where it has its hub, the operation was very slow. Soybeans and sesame were cultivated.

Evidence, collected from the Gambella Regional Agricultural and Rural Development Bureau (GRARDB), shows that the company produced 47 quintals of sesames on 69 ha of land and 104 quintals of soybeans on 70 ha of land in 2014 (GRARDB, 2015). These figures demonstrate the low performance of the project. The data from IOM (2014), Yassin (2014), and interviews

²⁵The time this research collected data was November 2014

underline that flood risk is exacerbated by the construction of water blockage dykes in Karuturi agricultural project in the recent years. This has changed the previous course of the Baro River (see Figure 6-9). One of the informants said that “the Karuturi farm land is not suitable for agricultural practice as there has always been seasonal flood” (EPU, Pers., Reg., 2014). Another informant said that “he is not sure if there is a land use planning (LUP) done to ensure the suitability of the land for agriculture. If it’s done, it is not adequate and inclusive of all stakeholders, especially the community who have local knowledge and could advise on the land suitability, as this project proves to be a social and environmental disaster” (LUAU, Pers., Reg., 2014). The flooding, compounded with the absence of infrastructure, especially electricity to intensify the farm operation, is one of the main reasons for the low performance of the project. This also causes additional expenses for the project, especially the cost of fuel for diesel generators (KAPP-SM, Pers., FIC, 2014).

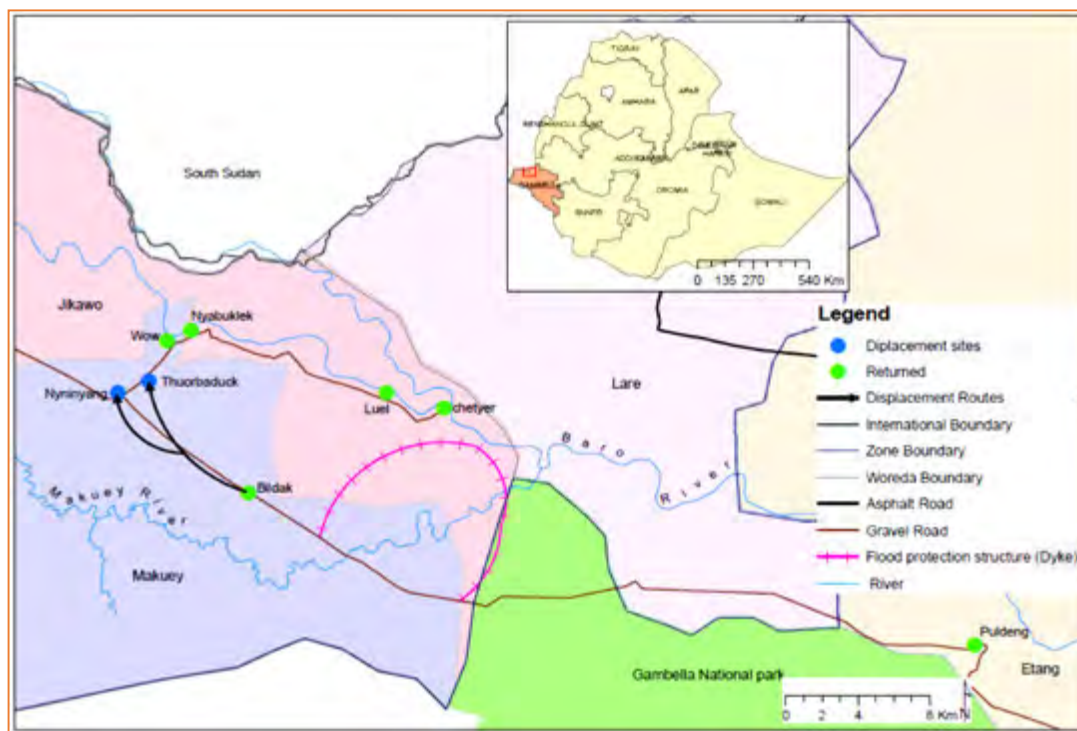


Figure 6-9: Karuturi's agricultural project flood protection structure (Dyke)

Source: (IOM, 2014, p. 16)

There were a few Ethiopian employees that were observed during the visit. It was also observed that the operation of the project was weak. Evidence from the Regional Agricultural Bureau reveals

that the farm created 55 fixed and 27 temporary jobs for Ethiopians in 2014 (GRARDB, 2015). The company's wage rate is birr 25 (USD1.20) per day which is less than the standard rate in the sector. The standard rate is birr 35 (USD1.70) per day. There is no medical provision for the workers if they are injured or fall ill while on the job. There is no resting place for the labourers (ILICO, Foc, 2014). The project failed to provide the agricultural workers with the required protective equipment, clothing and other materials contrary to Ethiopian Law that is binding on the company as per the signed contractual agreement. One of the articles in the Ethiopian Labour Proclamation, which needs to be adhered to, is the "Occupational Safety, Health, and Working Environment" document. The relationship between the Indian workers and the community is poor (ILICO, Foc., 2014). The participants of the focus group discussion said that "we applied fertilizers manually. There are no protection tools such as gloves and special fabric to cover our mouth. As a result, we got skin rash (hives, irritation, itchiness) which we showed to the Farm Manager who then gave us plastic bags to use when applying fertilizer" (ILICO, Foc., 2014).

Agricultural waste was dumped into the environment without treatment. The method used to apply agricultural chemicals, such as pesticides, is spraying. This method of application runs a high risk of missing the target areas and the possibility of affecting the surrounding communities is likely to be immense. There was no water management system, such as water recycling, so as to ensure the availability of quality water at sufficient quantity for future generations. Although water is currently in abundance in that area, this may not be the case in the long-run if it is not used in a sustainable manner. The project E&SIA report, that should include measures to mitigate the adverse impacts of the project, was not available at the farm although it should be used as on site as an operational manual.

6.4.2 Saudi Star Agricultural Development Plc

Saudi Star Agricultural Development Plc, which is a Saudi private limited company, entered into a long-term agricultural land lease agreement with Gambella regional state, Abobo district administration on 19 September 2009 for rice farming and exporting. The project leased 10,000 ha of agricultural land at Ethiopian birr 30 (about USD1.50) per hectare per annum for 50 years. The lease can be renewed for another period upon the two parties' agreement. The leased land is located in Agnuwak Zone, Abobo Woreda (District), between Perbengo and Pukedi Kebeles (Saudi Star's Land Rent Contractual Agreement, 2010).

In March 2010, the Council of Ministers passed a regulation on large-scale agricultural lands above 5,000 ha to be administered by Federal Government of Ministry of Agriculture. Following that, the Saudi Star agricultural project re-entered a contract on 25 October 2010. This replaced the contract which was signed on 29 September 2009 with the Gambella regional state (see Table 5-2). The terms and conditions of the two contracts are the same except for the signatories (Land Rent Contractual Agreement of Saudi Star, 2010). The leased land was forest and some of it was claimed from the Gambella National Park. The agricultural land is surrounded by Alwero River on the northeast, Nyikani River on the southwest, and Duma Wetland on the West which is an environmentally a sensitive area (see Figure 6-10). There was no eviction of local inhabitants involved as it was forestland (PUKE, Pers., Keb., 2014; PERKE, Pers., Keb., 2014; PUKCO, Foc., 2014; PERCO, Foc., 2014; PUKCO-EL, Pers., Com., 2014; PERKCO-EL, Pers., Com., 2014; ABDI, Pers., Dist., 2014).



Figure 6-10: Surroundings of Saudi Star agricultural project in Gambella Regional State

In January 2011, the company commissioned an E&SIA of its agricultural project. This only occurred after two years leasing the agricultural land, notwithstanding the Ethiopian

Environmental Impact Assessment Proclamation (Proclamation No. 299/2002) stated that EIA of projects should be undertaken before commencing of the project (Saudi Star Agricultural Development PLC's EIA Report, 2011; EIA Proclamation No. 299/2002). Data from the interview reveal that from the time the project received the agricultural land in September 2009 until November 2014²⁶, it had developed 350 ha of land, cleared 1,000 ha of land, and constructed a rice husking plant. The project also started constructing an irrigation and drainage network that consists of the main canal about 30 km long (see Figure 5-6) and four branch canals. The data from the E&SIA report shows that the project cleared 6,000 ha of forest land in January 2011.

The project was expected to develop 100% of the agricultural land within four years of the date of acquiring the land as per the signed contract. This includes finishing the civil engineering work, cultivating the 10,000 ha of land and harvesting the rice crop. However, the data from the interview reveals that the project has developed only 3.5% of the agricultural land after 5 years and exported rice. The delay in the project implementation is partly due to the defect of the initial land development plan as well as the security problems in the region. The project lost two of its foreign staff hired to install the irrigation system when they were killed (see section 5.5.4.1). This incident resulted in interruption of the operation for two years. The project was unable to hire foreign experts due to the incident²⁷ as well as the region's instability. The project reinstated the operation using a temporary irrigation canal (see Figure 6-11) (SADP-SM1, Pers., FIC, 2014). The security problem has contributed to the project's low performance and additional expenses to the project (SADP-SM1, Pers., FIC, 2014).

²⁶The time this research collected data was November 2014

²⁷News of the incident has been spread all over the world.



Figure 6-11: Saudi Star farm's temporary irrigation canal

As at November 2014, the project had created jobs for about 800 employees including five foreigners. One hundred eighty-five of the employees are fixed-term experts and machine operators while the rest are seasonal labourers at the farm and the factory. The fixed-term employees and some of the seasonal labourers are mainly drawn from other parts of Ethiopia (SADP-SM1, Pers., FIC, 2014). The company's labour wage rate is lower than the industry wage standard (SADP-FW, Pers. FIC, 2014). The rice husking factory workers do not have approved industry standard safety gear (i.e. protective equipment) to protect them from occupational hazards (see Figure 6-12) (SADP-FW, Pers. FIC, 2014). The operation of the agricultural project is governed by Ethiopian laws. The project is in breach of the Ethiopian Labour Proclamation No. 377/2003, Article 92 which obliges employers to comply with the occupational health and safety requirements. The 30 km main canal and storage ponds pose a potential hazard as these structures do not have protective fencing and other safety measures (see Figure 5-6).



Figure 6-12: Saudi Star rice husking factory workers on duty without protection equipment

The project operations cleared the forest which is the natural habitat for a number of species of flora and fauna. There was a stipulated cultivation of a windbreak of indigenous trees in the contract, but this was never cultivated (see Figure 6-13). The farm does not have an appropriate place to store agrochemicals such as fertilizers and pesticides. They are stored in a metal container (see Figure 6-14). In addition, all the various types of chemicals are stored together without categorising them by name and the composition of their active ingredients. This is a potential chemical hazard. The project also does not have a waste treatment plant or a water management system. There is also no Environmental Management Unit (EMU) or Expert to advise and monitor the environmental performance of the farm including the adequate implementation of the mitigation measures for the adverse impact of the farm activities identified in the E&SIA Report of January 2011.



Figure 6-13: Saudi Star rice farm without windbreak trees



Figure 6-14: Improperly stored agro-chemicals in metal container

6.4.3 Ruchi Agri Plc

Ruchi Agri is an Indian private limited company which entered into a long-term agricultural land lease agreement with the Ministry of Agriculture of Ethiopia on 5 April 2010. The agricultural project intends to produce oil crops such as soybeans, groundnuts, sorghum, rice, and maize. The leased land measures 25,000 hectares and is located in Gambella regional state, Agnuwak Zone,

Goge District, Puchal, Pugnido/Uleng and Teta Kebeles. The period of the lease is for 25 years which can be renewed for another period if the two parties agree. The leased land annual lease rate per hectare is Ethiopian birr 111 (about USD 5) despite the rate for irrigated agricultural land being much higher at Ethiopian birr 158 (about USD 7.12) for the Goge district (GODI1, GODI2, Pers., Dist., 2014; Ministry of Agriculture, 2013). The project has been given a four-year grace period for the land rent (Ruchi's Land Rent Contractual Agreement, 2010). The project land was forest land that was covered mainly by Shea trees (see Figure 6-15). It is about 5 km away from the Gambella National Park. There was no displacement of local inhabitants during its establishment (see Figure 6-16) (ULEKE, Pers., Keb., 2014; ULECO, Foc., 2014; ULECO-EL, Pers., Com., 2014).



Figure 6-15: Shea tree around Ruchi farm



Figure 6-16: Surrounding of Ruchi's agricultural project

The company claimed that there is an EIA Report of its agricultural project but it was not possible to find the document at the farm site during the data collection for this research. The EAILAA, which is the sole responsible agency to handle agriculturally- related environmental and social impact assessment issues, acknowledged having the document but also could not find it as they had just moved to a new office at the time of the data collection.

Between 2010, when the agricultural project received its land, and November 2014, Ruchi Agri Plc developed 3500 ha of land out of the available 25,000 ha and produced maize, soybeans, and groundnuts (RAP-SM, Pers., FIC, 2014). The company was expected to develop 100% of the land within four years of the date the land was acquired as per the signed contractual agreement. However, it has developed only 14% of the leased land during this time. Evidence, from Gambella Regional Agriculture and Rural Development Bureau, shows that the company produced two tonnes of groundnuts instead of the planned eight tonnes, and 375 tonnes of maize instead of the planned 750 tonnes (GRARDB, 2015). The EAILAA's progress report, as well as one of the key informants, affirmed that the company had produced soybeans (RAP-SM, Pers., FIC, 2014; EAILAA, 2014). This is not captured in the information of the Regional Agriculture and Rural Development Bureau on the project product types and quantities per quintal in 2014. All of the project's products are marketed locally (RAP-SM, Pers., FIC, 2014). This is despite the fact that the Ethiopian government's main objective for encouraging FDI in large-scale farming is to produce export-oriented products in order to increase its foreign earnings. The low performance of the project is due partly to the ongoing security issues in the area that limits the project operation to daylight hours only (see section 5.5.3). This hinders the creation of night shift work to expedite the land development as well as to create more job opportunities. In addition, the lengthy process of the customs office contributes to the delay of agricultural inputs which in turn contributes to the low performance of the project (RAP-SM, Pers., FIC, 2014).

The project employees consist of 11 Indians, who are in managerial, human resources, finance and engineering positions, and one Ethiopian who supervises the local employees that are engaged in jobs operating farm machines as well as seasonal workers numbering about 200 per day in picking season and 35 per day at low season (RAP-SM, Pers., FIC, 2014). The key informants for this project state that the project applies the Ethiopian labour standards such as wage, leave, and overtime payment (RAP-SM, Pers., FIC, 2014). However, the evidence from the EAILAA's environmental and social audit report of the Ruchi agricultural project reveals that the project does

not have a direct labour agreement with the labourers who are instead employed by a third party. Hence, the labour agreement is made between the company and the third party. The farm administration rules and regulations are not yet established. The rights and responsibilities of workers are not clearly stated (EAILAA, 2014). This is in breach of the Ethiopian Labour Proclamation No. 377/2003, Article 4, Sub Articles 3 and 5 which state that “a contract of employment should specify type of employment, place of work, the rate of wages, method of calculation thereof, manner and interval of payment and duration of the contract, as well as a contract of employment to adhere to the employment conditions provided by law, collective agreement or work rule”.

The project provides inadequate accommodation for labourers. There are only 10 huts. Most of the labourers are from other parts of Ethiopia and they cannot commute every day like the workers from the community. The workers have long working hours without overtime payment (ULECO, Foc., 2014). The project does not adhere to the Ethiopian labour law despite Article 12 of the signed contractual agreement which states that “the governing law for the operation of the agricultural project is Ethiopian Laws”.

The farm is in proximity to the Gambella National Park which shelters quite a number of wild animals. The location of the farm may deny access for the animals to seasonal pastures and water points. The project cleared all the trees without giving due consideration to the signed contractual agreement that clearly specifies the number of indigenous trees to be left per hectare of land. There is a small room where hand tools, spraying instruments, construction materials, and agrochemicals are stored together. This does not comply with the Ethiopian Environmental Code of Practice for Agricultural Investment which provides a mechanism to promote environmentally friendly agricultural practices including the protection of the health and safety of farm workers and the community. This code of practice is a minimum standard and a mandatory to all large-scale farms.

There is no agricultural waste management system. Empty chemical containers are buried in the ground. There is a high risk of soil and groundwater contamination. The project uses sprayers (sprinklers) to apply agricultural chemicals such as insecticides, weedicides, and fertilizers. As with other projects, this can result in unintended application outside the target areas thus polluting the air, soil and surface water. The project does not have an EMU or expert to ensure the adequate

implementation of the various environmental and social related directives in order for the farm to operate in environmentally mindful manner.

The two critical documents, which have significant importance to ensure the minimisation of the adverse impact of the project on the environment, are absent from the farm site. These documents are EIA report of the project, which should include an action plan for the mitigation measures of significant social and environmental risks of the project, and the Environmental Code of Practice for Agricultural Investment. These documents should be working manuals for the agricultural workers, especially the Farm Manager. The agricultural workers handle agrochemicals such as fertilizers and pesticides and there are huge risks of occupational safety and health of these workers. It is clearly stated in Article 8 of the Environmental Impact Assessment Proclamation No. 299/2002 that EIA report should describe, among other things, the content and amount of pollutant that will be released during implementation and operation, and to prepare an environmental management plan (mitigation measures). The project gets its drinking water from the borehole which is 100 m deep. The Farm Manager claims that the water is certified for drinking. However, there is no document that certifies if the water is drinkable. The certificate should be available at the farm site.

6.4.4 Toren Agro Industries Plc

Toren Agro Industries Plc is a Turkish private limited company that entered into a long-term agricultural land lease agreement with Ministry of Agriculture of Ethiopia on 30 September 2011. The agricultural project intends to produce cotton as a principal investment and soybean as a rotational crop development. The leased land measures 6,000 ha and is located in Gambella regional state, Agnuwak zone, Goge district, Goge-Gabriele Kebele. The period of the lease is for 25 years which can be renewed for another period if the two parties agree. The annual lease rate per hectare is Ethiopian birr 158 (about USD 7.12). The project has been given a three-year grace period for the land rent payment, but the company has been paying the rent every year (Toren's Contractual Agreement, 2011; GODI1, GODI2, Pers. Dist., 2014).

The project land was covered with woodlands which contained indigenous tree species that have endangered status. The farm is surrounded by the Gilo River on the South; and two villages on the West and East that are located 37 km far away from the farm. There was no eviction of local inhabitants when the project was established. In August 2013, the project commissioned the

conducting of environmental and social impact assessment of its project after two years of acquiring the agricultural land despite the EIA Proclamation demands projects to carry-out EIA before commencement (Toren Agro Industry PLC's EIA Report, 2013; EIA Proclamation No. 299/2002).

From the time when the project received the leased land in September 2011, until December 2014,²⁸ the company cleared 3,000 ha out of the 6000 ha of the leased land (TAIP-SM1, TAIP-SM2, Pers., FIC, 2014). The company was expected to develop 100% of the leased land within three years from the date of acquiring the land as per the signed agricultural land lease contract. However, during the three years, the project developed 50% of the leased land and planted 28% of the land (cotton in 1100 ha, soybean in 100 ha, and maize in 100 ha). Unfortunately, there was a prolonged rainy season (i.e. about 7 months) that prevented harvesting the cotton and soybean (Toren's Land Rent Contractual Agreement, 2011; TAIP-SM2, Pers., FIC, 2014). From the 100 ha of maize, the company produced 4000 quintals which would have been used as food for the employees as most of them are from the surrounding communities (Agunwak) whose staple food is maize. The surplus would have been sold at the local market as requested by United Nations Higher Commissioner for Refugees (UNHCR) working with the South-Sudan refugees in Gambella regional state (TAIP2-SM, Pers., FIC., 2014).

The remaining land (i.e. 3000 ha) was expected to be developed in 2015 if the weather (i.e. continuing rain and moisture) improved to plant cotton and soybean. If not, the company would stop producing cotton and soybean which are climate sensitive and plant other crops that are suitable for the climate at that location. The company has thus put on hold its plan to install a cotton processing plant which was motivated by the desire to add value to its production rather than only to sell the raw-material (TAIP2-SM, Pers., FIC., 2014). Agro-processing is in line with the Ethiopian Government's plan to advance agricultural transformation. The main reasons for the low performance of the project are the absence of government services such as roads, electricity, communications and potable water (see section 5.5.4). This causes additional cost to the project, especially the cost of fuel for diesel generators and the ESAT internet link both of which are very expensive (TAIP2-SM, Pers., FIC., 2014). In addition, the location of the leased land is not suitable for cotton as it has a prolonged rainy period. The security problem of the area hampers the

²⁸ The time this research collected data was December 2014

intensification of the project operation. All these aspects cause additional cost to the project (TAIP1-SM, Pers., FIC., 2014; TAIP2-SM, Pers., FIC., 2014).

As at December 2014, the company employed 47 fixed term employees (39 Ethiopians and eight Turks) which include the Farm Manager, machine operators (tractor and excavator), mechanics, grease men, accountant, clerks, a nurse, drivers, an interpreter (Turkish/English), cooks and security guards. It hires 80 to 300 seasonal workers per day. The number of workers, as well as payment, varies as it is determined by the type of work and products. The company's salary rates are very attractive and above the Ethiopian wage standard as well as the industry in general in the country. For instance, an agronomist earns Ethiopian birr 52,000 (about USD 2,350) per month including a hardship allowance. A daily labourer is paid in average Ethiopian birr 55 (about USD 2.50) per day. The project pays the pensions, medical expenses and hardship allowances for its fixed term employees (List of employees including functional titles and payrolls; TAIP-SM2, Pers., FIC, 2014; GODI1, GODI2, Pers. Dist., 2014; ULECO, Foc., 2014).

The project, unlike other agricultural projects, gives job priority in a defined sequence for nearby villagers. First employment preference is given to residents of the Goge District and Gambella regional state. It gives training for Ethiopian employees in operating and maintaining high-tech machines, tractors, and GPS-guided levelling equipment. The trainers were from Turkey. The company hired an interpreter to overcome the language barrier when giving the training to local staff and also to facilitate the training (TAIP2-SM, Pers., FIC., 2014). The project's effort to have a good relationship with its district communities is witnessed by Goge District Administration staff and the Ulleng/Punido Kebele residents who also share a disappointment with Ruchi Agri Plc (see 6.5.4). The Toren Agro Industries Plc rehabilitated a 35 km road from Punido town to the farm site, and supported the finishing of a 19 km road construction from Goge district to Ababo district line. For these infrastructure developments all the required resources were provided by the project except the engineer, who was from the Rural Road Authority. They supported the school (grades 1-2) maintenance in Ulleng/Punido Kebele, as well as in another school (grades 1-6) in Goge district (GODI1, Pers., Dist., 2014; GODI2, Pers., Dist., 2014; ULECO, Foc., 2014).

The study was not able to visit the farm site due to the bad weather and poor road conditions during the collection of data in November-December 2014 (see 5.5.4.3). However, from the E&SIA report of the project as well as the information gathered from the various key informants and the project

location, the project's adverse impact on the environment could be major. The project cleared the woodland that shelters various species of flora and fauna. The project does not have an Environmental and Social Management Unit (E&SMU) or expert to advise and monitor the farm's environmental performance. This includes the implementation of the action plan for the environmental risk mitigation measures identified in the farm's Environmental and Social Impact Assessment Report of August 2013, the implementation of the Environmental Code of Practice for Agricultural Investment, the development of internal environmental audit system, and the assurance that the work environment is in accordance with Ethiopian Labour Law on Occupational Health and Safety. The project does not have a waste treatment plant or a water management system such as recycling. The farm uses the Gilo River to irrigate its cultivation. This may have a significant impact in reducing the river's water volume.

6.4.5 BHO Bio Products Plc

BHO Bio Products Plc is an Indian private limited company that entered into a long-term agricultural land lease agreement with Ministry of Agriculture of Ethiopia on 11 May 2010. The project intends to produce cereal crops, pulses, and edible oil crops. The leased land measures 27,000 ha and is located in Gambella regional state, Itang Special district, Nuer zone, Wanke Kebele. The period of the land lease is for 25 years which can be renewed for another period if the two parties agree. The leased land annual lease rate per hectare is Ethiopian birr 111 (about USD 5) despite the average rate for irrigated agriculture in the region being Ethiopian birr 158²⁹ (about USD 7.12) (ETIA, 2013). The project has been given a four-year grace period for the land rent payment (BHO's Contractual Agreement, 2010). The project was expected to develop 100% of the leased land within three years, but it has developed only 22% of the leased land during the four years (EAILAA, 2014). The project produced maize which was sent to the Capital Addis Ababa and the informants do not know whether the product is exported or not (BBP-FW, Foc., FIC, 2014). The study was not able to conduct an interview with the company's representative or with the Farm Manager as they refused to participate. The researcher was not allowed to visit the farm and direct observation was not carried-out (see 5.5.4.4). This limited the research data and findings on this case study. The study conducted focus group discussions with BHO's farm workers (see

²⁹ The lease price calculated considering distance from Addis Ababa (the Capital City of Ethiopia) and the land with irrigation access or without irrigation access using rain fall (MoA, 2013)

section 5.4.4.4.) as well as Wathgac Kebele residents who live adjacent to BHO farm site (see section 7.5.3). The project pays the labourers in a range between Ethiopian birr 31 and 35 (about USD1.40 to 1.50) per day. The cleaners earn Ethiopian birr 25 (about USD 1.10) per day (BP-FW, Group, FIC., 2014; ITDI, Pers., Dist., 2014; WATKE, Pers., Keb., 2014; WATCO, Foc., 2014; WATCO-EL, Pers., Com., 2014). This rate is lower than the standard daily fee of Ethiopian birr 50 (about USD 2.52). The labourers work all calendar days and there is no overtime payment for weekends and holidays. There is no medical insurance for the labourers who may be injured on duty. There is no protective gear provided to the workers, notably also no protective gear for those who are handling agro-chemicals (BP-FW, Group, FIC., 2014).

One of the farm workers said the following:

As there is no protection gear when handling chemicals, we (the workers) finally start wearing plastic sacks to protect ourselves (BP-FW, Group., FIC., 2014).

The contractual agreement which the company signed obliged the company to respect the Ethiopian Laws. The Ethiopian Labour Proclamation No. 377/2003, Article 12 “Obligations of an Employer” specifies employer’s obligation in addition to the special stipulations in the contract of employment. Article 92 “Occupational Safety, Health and Working Environment” obliges employers to provide workers with protective equipment, clothing and other materials and to instruct their employees on the appropriate use of the protective equipment. There are five Indian workers, including the Farm Manager, who have a separate lunch breaking place equipped with air conditioning (BP-FW, Group, FIC., 2014). The labourers work long hours and there is no designated place for them (BP-FW, Group, FIC., 2014) despite that the labour law obliges employers to provide an appropriate working environment. Gambella’s temperature can be as hot as 45°C and the labourers break for lunch under a tree.

The information gathered from the various sources reveals that the land allocated to the project was savanna grassland. The surrounding areas of the project confirm this claim (see Figure 6-17). The EAILAA monitoring report of 2015 reveals that the project does not have proper storage for agrochemicals (see Figure 6-18) as per the Ethiopian Environmental Policy and the various directives and guidelines such as the Environmental Code of Practice for Agricultural Investment (2010), Special Decree on Pesticides (1990) and Pollution Control Proclamation (2002). The

project does not have a waste treatment plant. It discharges the liquid as well as the solid waste raw into the environment (see Figure 6-19 and Figure 6-20) (EAILAA, 2014).



Figure 6-17: Savanna grassland surrounding BHO agricultural project

Source: (EAILAA, 2015, np.)



Figure 6-18: Improper storage of agro-chemicals of BHO agricultural project

Source: (EAILAA, 2015, np.)



Figure 6-19: Improper solid waste management of BHO farm

Source: (EAILAA, 2015, np.)



Figure 6-20: Untreated liquid waste of BHO agricultural project

Source: (EAILAA, 2015, np.)

6.4.6 S&P Energy Solution Plc

S&P Energy Solution Plc is an Indian private limited company which signed-up a long-term agricultural land lease agreement with the Ministry of Agriculture of Ethiopia on 1 March 2010. The project intends to produce primarily bio-fuel trees (*Pongamia*) and edible oil crops. The leased land measures 50,000 ha and is located in Metekel zone, Dangur and Guba districts of Benshanguel-Gumuz regional state (see Figure 6-21). The dominant indigenous ethnic group in Metekel zone is the Gumuz people that consist of 23% of the indigenous people in Benshanguel-Gumuz regional state. This ethnic group's livelihood is based on the surrounding natural resources (see section 6.3) for crop farming, livestock rearing, hunting wild animals, fishing, collecting

honey, and traditional gold mining (Balcha, 2007; Shete, 2011). The Gumuz people have a unique attachment with their natural resources that they believe to be an indigenous gift, blessing and a creation of their deity, as well as a source of life and livelihoods linking the past, present and future generations. Each Gumuz perceives these natural resources as ancestral heritage and ensures its proper use and management through the application of their indigenous knowledge in order to pass it to the next generation (Abbute, 2004).

The S&P agricultural project leased the land for 50 years, which can be renewed for another period upon the two parties' mutual agreement. The land rate at Ethiopian Birr is 143.40 (about USD 6.50) per hectare per year despite that the lease rate for irrigated agriculture in the project area is Ethiopian Birr 158 (about USD 7.12) or more depending on the distance from the capital, Addis Ababa. The project has been given a five-year grace period for the land rent. As per the signed contractual agreement, the project was expected to develop 100% of the leased land in five years but it has developed only 7% in four years (S&P Energy Solution Plc's contractual agreement, 2010; EAILAA, 2014). One of the reasons for the low performance of the project is the unavailability of skilled manpower, the effects of which are also compounded with strict labour law. This resulted in the project losing money (SESP-SM, Pers., FIC, 2014).

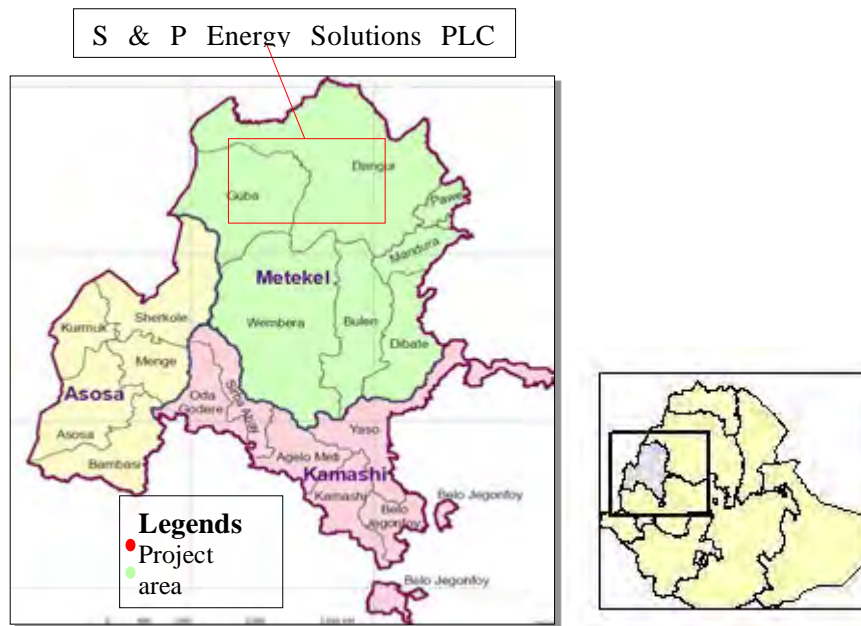


Figure 6-21: Location of S&P Energy Solution Plc bio-fuel farm

Source: (Ethiopia demography and health, np., modified)

The S&P Energy Solutions Plc's representative refused to have an interview, withheld permission to visit the farm and also refused to give a copy of the environmental impact assessment report of the project (see section 5.5.4.6). The project's E&SIA report was also not found in EAILAA, which is the sole responsible agency to handle large-scale agricultural investment project documents (see section 5.4.1.7), nor in the Ministry of Environment and Forest. The researcher was not able to directly observe the farm site and its surroundings. These limited this case study data and findings.

However, data on the agricultural project was gathered from the preliminary discussion with the Representative as well as from various documents on the environmental and social performance assessment of the agricultural project. The leased land was prior forestland. The farm has felled the indigenous trees so as to clear the land for production of bio-fuel crops. The Government instructed the project to give the resulting wood to the surrounding communities. Since the communities do not have the tools and the capacity to transport these huge tons of wood, it remains on the farm site and has been left to decay (SESP-SM, Pers., FIC, 2014). The project's principal production is bio-fuel for export purposes. The region in which this investment is taking place is suffering from food insecurity, malnutrition, and extreme poverty (see 6.3 last paragraph). The project's performance in developing the leased land is very low (i.e. it has developed 7% of the leased land instead of 80%) (EAILAA, 2014).

6.5 Communities of the case study areas

This section presents the data on the impact of large-scale agricultural projects on the indigenous communities of the case study areas in Gambella and Benshanguel-Gumuz regional states. This part of the narrative reports on the perspectives of the communities.

6.5.1 Illia Community

The Illia community is adjacent to Karuturi agricultural project (see 6.4.1). This neighbourhood is Karuturi's hub. This population size of the community is about 1330. Their ethnic group is Agnuwak who are mainly crop-farmers. The local residents were not consulted about the agricultural project beforehand. They only became aware of the agricultural project when it started cutting the trees and savanna grasses and building its camp. The community expressed their distress and said that "we lost our woodland and savanna grassland where we used to cultivate groundnuts, collect fire woods, and our animals used to graze. These natural resources were our livelihoods. Our women are now going a long distance to collect fire woods" (ILICO, Foc., 2014).

During dry season and when there was a shortage of food, the community used to use the woodlands to collect stem plants for food and to maintain their hut-houses. These resources have now gone and their livelihoods are negatively affected. One of the informants in the focus group discussion said that “we will leave this place for Karuturi” (ILICO, Foc., 2014).

The villagers lost their cultivation and animals due to the flood (ILICO, Foc., 2014). One of the key informants of the focus group discussion said that “I lost five cows that grazed in the area which is polluted in agricultural chemicals” (ILICO, Foc., 2014). The relationship between the Indian workers and the community is poor (ILICO, Foc., 2014).

The villagers said that there are no tangible benefits except the Karuturi agricultural project provides transport in emergency cases to take them to the health centre which is far from their homes. The project gave a generator to the village school to allow evening classes but the generator is not functional. They informed the project several times that it does not function because they enrolled a lot of evening class students assuming the generator works. The project sent technicians to fix the generator but they knew that it needed spare parts. The community also understood that it was used by the project, became broken, and was then given to them for the sake of giving since the spare parts are not available (ILICO, Foc., 2014). One of the key informants who also works at the farm said that “the first two years, we used to stolen maize when working there, but now the project planted soybeans which we cannot use it directly as it requires further process” (ILICO, Foc., 2014).

6.5.2 Pukedi and Perbengo Communities

The Saudi Star agricultural project is located between the Pukedi and Perbengo Kebeles (see 6.4.2). The ethnic group of these communities is Agnuwak who are crop farmers (see 5.5.5). These two communities were not consulted about the leasing of the forestland for commercial farming. The villagers came to know only when the project started clearing the forestland which they claim as their ancestral land. These communities used to collect a potato-like plant, locally called “*Modo*”/“*Babure*”, from the forest during the times of the year when they had less crop production. This plant was their food security. They were using the areas outside of the forest fringes for cultivating maize, sorghum and groundnuts to sustain the family and to generate income by selling the surplus product (PUKCO, Foc., 2014).

The participants of the focus group discussion said that “we are not part of any benefits from the project except a few youngsters are employed for seasonal work. There was no training programme provided for the locals to upgrade their skills and offer them a better and enduring jobs rather than seasonal and unskilled manual jobs”. They continued saying that “we are using very primitive tools (i.e. hoe and hand tools) to cultivate crops which are not sufficient to satisfy our families’ food need throughout the year” (see Figure 5-9 and Figure 6-22). The communities were depending on the surrounding forests and rivers to secure food during times of need. They emphasised their need and said that “the project didn’t support us in upgrading our farming tools in order to increase production and secure food to compensate for the loss of our forestlands” (PUKCO, Foc., 2014; PERCO, Foc., 2014).



Figure 6-22: Farming tools used by the communities adjacent to Saudi Star commercial farm

One of the participants of the focus group discussion said the following:

Our ancestral land is given to foreigners for 50 years and we have never been consulted. This is another way of colonization. What do we get out of these investments? It is the government who let us down. We have been denied access to our forests which were our livelihoods, our environment is contaminated by agricultural chemicals which we do not have the capacity to clean. Even the agricultural project leaves today, our environment is damaged forever (PERCO, Foc., 2014).

The key messages and recommendations of the Perbengo and Pukedi communities are:

The investor needs to communicate with us to have a positive relationship. The government and the investor need to understand that we are the primary beneficiary of this investment and hence they need to address our needs such as road, water, health centre and educational materials for our school. Our village is 36 kilometres away from the nearby town, called Abobo. We need transportation facility to go to the town for our daily life activities. The government and investor need to collaboratively assist us to overcome this challenge. The investment need to cultivate the huge tract of land and involve the community in labour work rather than deforest the area and leave it idle for a long period (PUKCO, Foc., 2014; PERCO, Foc., 2014).

6.5.3 Wathgac Community

The Wathgac community is adjacent to BHO agricultural project (see 6.4.5). Their ethnic group is Nuer. This community's livelihood is dependent mainly on livestock rearing, followed by fishing and crop farming (see 5.5.5). The community moved into the area from the Baro River Bank in early 2010. The move was part of the Government's villagisation programme to protect the community from the flooding problem that they encountered. The new area/village is a little further up the river. The new area is mainly savanna grassland and rivers (see Figure 6-17). The BHO agricultural project started a little after they moved to the area. The community was informed about the BHO investment by the District and Regional offices (WATCO, Foc., 2014; WATCO-EL, Pers., Com., 2014). The Wathgac Kebele residents, just like other communities in the region, are suffering from extreme poverty (see Figure 6-23).

The BHO project relationship with the community is very poor. At the focus group discussion, the participants said that "we feel that the Indian Farm Manager does not want to help us. He treated us without respect. When they want to buy sheep and goats, they come to us. Because they buy it cheap. Otherwise, there is no relationship". Some members of the community were working as labourers but stopped this in 2013 as one of the women labourers was beaten by the Indian Farm Manager (he was using baton) causing her arm to be broken (WATCO, Foc., 2014). This study was unable to verify the statement about the beating and the cause for the broken arm.

The participants of the focus-group discussion said the following:

The projects are guarded by militias who see us in bad eyes. If our kids are touching the maize, they say that they will shoot them. These militias are a threat for us. What we do not understand is that if it is a farm, why militias are guarding it? Farms should be guarded by farm workers. What we want is a good relationship as long as the project exists. We cannot say to the company to leave since the government is the one that brought them. Thus, the government needs to bridge this gap and strengthen our relationship (WATCO, Foc., 2014; WATKE, Pers., Keb., 2014).



Figure 6-23: Wathgac Kebele residents and the village school adjacent to BHO farm

The company does not have its own water pump and uses the community's water pump that was installed by the government. This water pump is broken due mainly to excess usage by the company who is not willing to fix it (WATCO, Foc., 2014). The participants said that “we are now going long distances to fetch water”. The project constructed a long canal, as well as storage ponds, to irrigate water from the Baro River. These constructions created problems for the community cattle to pass to the grasslands (WATCO, Foc., 2014). One of the focus group participants said that “it is a major threat for accident and we have experienced in losing our cattle that have fallen and broken their legs”. They also said that “the BHO farm uses various types of agrochemicals which contaminated the nearby grasslands where our cattle graze (see Figure 6-24). As a result,

we lost quite a number of cattle for which the project will not compensate us. These cattle and the grazing land is our livelihood which we lost due to the project. Even though the project leaves now, we will be so affected for the rest of our lives as we do not know where chemicals are used” (WATCO, Foc., 2014; WATKE, Pers., Keb., 2014).



Figure 6-24: Graze land adjacent to BHO farm

The community's key messages are:

The foreign investor should communicate with us to help each other. The government should listen to us and solve the problem without delay (WATCO, Foc., 2014; WATKE, Pers., Keb., 2014).

6.5.4 Ulleng/Pugnido Community

The Ulleng/Pugnido community is adjacent to Ruchi farm. They are the Agnuwak ethnic group and are mainly crop farmers (see section 5.5.5). The villagers surrounding of the farm did not have prior information about the agricultural project. They came to know about the project when Ruchi Agri Plc started deploying the farm machinery and felling the trees (ULEKE, Pers., Keb., 2014; ULECO, Foc., 2014; ULECO-EL, Pers., Com., 2014). The villagers said that “we were using the leased land which was covered by forestland (mainly shea trees) to collect shea fruits which were our livelihood (see Figure 6-15). We now do not have access to the forest resources and most of the trees which were in our proximity have gone” (ULEKE, Pers., Keb., 2014, ULECO-EL, Pers., Com, 2014; ULECO, Foc., 2014).

This community uses hand tools to cultivate their lands like the rest of the communities in the region. They said that “we need help to upgrade our farming methods so that we can increase our

productivity and secure food to compensate for the loss of our livelihoods” (ULECO, Foc., 2014). They also said that “we need help in constructing a school and health centre”. The community of Ulleng/Pugnido Kebele used to have a school for grades 1 and 2 but it collapsed in 2013, due to lack of maintenance (ULECO, Foc., 2014; GODI1, Pers., Dist., 2014). They said that “we need immediate assistance in rebuilding this school to allow the children to restart learning; while waiting for a larger school which can at least accommodate children from grades 1 to 8” (ULECO, Foc., 2014).

From the data gathered, it is understood that there is no communication between the community and the company. The company communicates with the Woreda (District) Administration where they are supposed to pay the lease rent and employment taxes (ULEKE, Pers., Keb., 2014). One of the key informants from the District Administration said that “as the agricultural project has a four-year grace period to pay the land lease, the District receives only employment tax which is insignificant. The District Administrative Office is supposed to use the revenue to develop its District, especially the Kebeles where the investments are taking place in order to support the communities who lost some benefits from the leased lands. However, there is not enough money to pay-off the adversely impacted communities” (GODI1, Pers., Dist., 2014). Key informants said that “the District Administration doesn’t involve the Kebeles³⁰ for matters that concern them the most” (ULEKE, Pers., Keb., 2014; ULECO, Foc., 2014). There is more work that needs to be done from the government’s side to bring the community and the investor together and create harmony and bring mutual benefit for both parties (ULECO-EL, Pers., Com, 2014).

The community’s message for the way forward is:

The land is ours and we need to benefit from the project. We need their support to provide a school and health centre. Besides, to fast-track the rebuilding of the school which was collapsed a year ago so that our children restart going to school. The company should work together with the Kebele and community not only with Woreda (District) Administration” (ULEKE, Pers., Keb., 2014; ULECO, Foc., 2014; ULECO-EL, Pers., Com, 2014).

³⁰Kebele is the lowest unit of government and deals closely with local residents.

6.5.5 Gumuz Community

The S&P Energy Solution agricultural project is located in the Metekel Zone where the dominant indigenous ethnic group is Gumuz. The livelihoods of the Gumuz are dependent on the surrounding natural resources (see section 6.4.6). The agricultural project did not negotiate with the communities. The regional state was not involved in the deal nor in the negotiation of the contractual agreement (SESP-SM, Pers., FIC., 2014). The project leased forestland and cleared the forest in order to develop the land for its bio-fuel plant production. The forest was a sacred place for the communities as well as a source of livelihoods providing extra food sources during the dry season and times of food shortages (Abbute, 2004). Clearing the forests negatively impacts the communities, especially the Gumuz community who are in the area surrounding the project. They were using the forest for livestock rearing (i.e. during the months starting November to June, the livestock freely graze); crop production (i.e. during the months from July to October), honey production and traditional beehive construction, bamboo tree harvesting, firewood collecting, collecting of wild plants such as bamboo shoots and roots, collecting the edible fruit and branches of a unique tree (which is locally called “Harakote”), harvesting wild yams, okra (Ladies fingers), cassava, medicinal plants and hunting wild animals (Shete, 2011). Further, loss of local land rights and indigenous land use practices affects the communities as well as the ecology (Moreda, 2013).

6.6 Summary

This chapter has presented the various case study narratives highlighting issues relating to the large-scale agricultural projects in Gambella and Benshanguel-Gumuz regional states. The analysis of the case studies is carried-out in the following chapters.

Chapter 7 : Investment Policy, Institutions and Land Lease Agreements

7.1 Introduction

Chapter 6 presented the case study narratives based on data from investor companies, communities and Regional, District and Kebele Administrations. This chapter discusses the content of the current investment policy in relation to FDI in large-scale agriculture, as well as its' implementation using the data, collected from the government institutions at Federal and Regional levels and investor companies (see Table 5-3, Table 5-4 and Table 5-6). In addition, it discusses the institutions that are mandated to promote and to facilitate the operation of inward FDI in large-scale agriculture. This is because the research focuses on the support of the Ethiopian investment policy for pro-poor and environmentally sustainable FDI in large-scale agriculture.

This chapter also discusses the current Ethiopian agricultural land lease agreement terms and conditions in relation to economic, social and environmental benefits to Ethiopia. The terms and conditions of the agreement, which are legally binding, play a significant role towards ensuring socially and environmentally responsible FDI in agriculture.

Since the adoption of the ADLI strategy, Ethiopia formulated and adopted a number of economic and social policies and strategies to facilitate agricultural transformation. The Rural Development Policy and Strategy (RDPS) is the most aligned to ADLI and the basis for other policies and policy-based proclamations that promote FDI in large scale agriculture. These include the Rural Land Administration and Use Proclamation, Investment Proclamation, the Growth and Transformation Plan (GTP), Education Policy, Health Policy, Infrastructure Policy, Labour Policy, Environmental Policy and National Social Protection Policy. These policies are necessary to ensure agricultural sector development since agriculture is the backbone of the Ethiopian economy and the basis for its industrialisation (MoFED, 2003; and Kuma 2003).

The global and regional frameworks and guidelines in national investment strategies, policies, laws, rules, and programmes for effective agricultural sector development (FAO, 2012; AU Assembly, July 2009; FAO, 2001; FAO, 2004; Cox, 2010; Land for Good Organization, 2012; AUC-AfDB-UNECA, 2014) are used to assess the Ethiopian investment policy's contents and agricultural land lease agreement terms and conditions. In addition, empirical findings of

agricultural transformation processes (Timmer, 1988; Todaro, 2000; Tsakok, 2011; Lobao et al; 2001; Economifakta; 2013; Dorward et al, 2003; Jenkin, 2011) are used to further assess the Ethiopian investment policy with regard to pro-poor and environmentally sustainable agricultural development.

Empirical findings of host country FDI policies and best practices (Fan, 2000; TeVelde, 2001; Basu and Srinivasan, 2002; Kokko, 2003; Banga, 2003; Abeasi, 2003; Demirhan and Masca, 2008; Bartels et al, 2008; Groh and Wich, 2009; Globerman and Chen, 2010) are used to analyse the support in practice of the Ethiopian investment policy for pro-poor and environmentally sustainable FDI in large-scale agriculture. The key investment promotion institutions that facilitate inward FDI in agriculture are assessed using the institutional framework for adequate investment promotion (Williamson, 1979; Killing, 1983; Atkinson and Coleman, 1989; Fiszbein, 1997; Gow et al, 2000; Loewendahl, 2001; Luo, 2002; Trink, 2007; Masaba et al, 2013; Seyoum, 2009; Bissoon, 2011).

7.2 Policies that support FDI in large-scale agriculture in Ethiopia

This section discusses the content of current policies with respect to their support for pro-poor and environmentally sustainable FDI in agriculture in Ethiopia. Section 7.4 presents the practical support of these policies for FDI in large-scale agriculture so as to assess the support of Ethiopian investment for FDI in large-scale agriculture.

7.2.1 Rural development policy and strategies

Rural development policy underscores the importance of foreign investments in the agricultural sector to enhance the agricultural development efforts. These investments are encouraged in the sparsely populated lowland areas that have a high potential for large-scale agriculture (see sections 6.2 and 6.3). The policy supports the leasing-out of land to facilitate foreign investments in these areas. This is also supported by Rural Land Administration and Use Proclamation No. 456/2005, *Article 5 – Acquisition and Use of Rural Land, Sub-Article 4 a and b*.

The policy content is sound and captures each important aspect that has significance in leading to rural and agricultural transformation. By virtue of its nature, the policy encourages sustainable and pro-poor FDI in large-scale agriculture, specifically in lowland areas which require a significant amount of development. The policy recognizes the insufficiency of incentives to attract FDI and

stresses the important aspects that facilitate FDI's operation and make FDI conducive to Ethiopia's development. The policy addresses the development of infrastructure, the provision of health services (especially the control of malaria), the upgrading of the skills of agricultural labour, the promotion of labour-intensive technology to adequately use the abundant labour, the sustainable use of natural resources and the creation of direct linkages between agricultural investors and local smallholder farmers through "out-grower scheme". The policy further favours the establishment of an efficient agricultural marketing system to facilitate that Ethiopia's agricultural products penetrate external markets and improve its market share while offering timely and accurate information on the price and volume, as well as low transaction costs to attract further FDI. The importance of the aspects that were captured by the Rural Development Policy were confirmed by various studies (see sections 2.2, 2.3., 2.5 and 2.6).

The Rural Development Policy is time cognisant and planned the agricultural transformation differently compared to countries that transformed their agriculture more than a century ago. For instance, it planned the agricultural transformation to be in parallel rather than in a stepped or phased approach³¹ like countries such as North America, Japan, and West Europe.³² The policy supports agricultural research and extension programmes and strategic input supply to increase productivity and transform the subsistence environment into one of diversified agriculture, especially in the densely populated highland areas with many subsistence farmers. At the same time, it encourages FDI in large-scale commercial farming in sparsely populated lowland areas with the view to expedite agricultural transformation (see sections 6.2 and 6.3). This policy's approach is tailored to Ethiopia's needs to ensure food security for the country's growing population and to increase foreign earnings while responding to the global demand for agricultural products such as food and bio-fuel crops (see sections 1.1 and 2.2).

7.2.2 Rural land administration proclamation

The Rural Land Administration Proclamation No. 456/2005 explicitly supports foreign direct investment in large-scale agriculture. Article 5, Sub-Article 4 (a) and (b) respectively state that

³¹ The steps/phases are from subsistence (small-scale) to diversified family agriculture (medium-scale) to specialised commercial farming (large-scale).

³² See studies by Timmer (1988), Todaro (2000), and Tsakok (2011) on agricultural transformation of Western Nations.

Private investors that engage in agricultural development activities shall have the right to use rural land in accordance with the investment policies and laws at federal and regional levels, and Governmental and non-governmental organizations and social and economic institutions shall have the right to use rural land in line with their development objectives.

The rural land administration proclamation re-emphasizes its support for agricultural investment in its Articles 7(3), 8 and 11(3 and 4).

The proclamation demonstrates support for sustainable FDI in large-scale agriculture. It attempts to create an enabling environment for agricultural development through the facilitation of agricultural land leases. Further, it recognizes the negative impact of large-scale farming on the natural environment and gives provision in Article (13) to protect the environment from large-scale agricultural activities. It delineates responsibilities to Federal and Regional levels of Government thus conforming to the Constitution Articles 50 and 92 respectively. It also stresses the establishment and strengthening of existing institutions of land administration and use management to ensure compliance at the local level. The attention to the environmental impacts of agricultural activities is also in line with the Environmental Impact Assessment Proclamation No. 299/2002 and the AUC-AfDB-UNECA Joint Land Policy Initiative (2007) background document on land policy in Africa. The importance of delineating responsibilities as well as strengthening institutional capacities to ensure the sustainability of institution's effective and efficient services is underlined by several empirical studies (see section 2.3.3.2).

Although this study recognizes the Proclamation's many positive aspects, it has a number of areas that need improvement. There is a need to avoid misinterpretation and land conflicts. The provision in Article 5 (4) "the right to use rural land in line with investors' development objectives" may undermine the prioritization of Ethiopia's development objectives against foreign investors' as both clearly have different development objectives. The provision in Article 7 "eviction of smallholder farmers' land for public use" contradicts the provisions in Articles 8(1) and 11(3 and 5)

Voluntary agreements of smallholder farmers to transfer their lands use right to an investor for a limited time, facilitate land consolidation, settlement and viliagisation programme for agricultural development.

In fact, encouraging the voluntary agreement of people to facilitate the settlement and villagisation programme was stressed in the Rural Development Policy that recognizes that moving people by force is not productive and can create social turmoil.

The inconsistency of the various articles of the Proclamation, especially the part pertaining to the land tenure insecurity of smallholder farmers and rural dwellers, could be a major problem for facilitating pro-poor agricultural investment in Ethiopia. This inconsistency needs to be removed so as to balance the rights and interests of all land users to enable them to realize full social, environmental and economic benefits from land as well as to contribute to Ethiopia's agricultural development (see section 2.3.3).

This research recognizes that the term “public use” which was used in Article 7, dealing with the eviction of smallholder farmers in order to use their land for public use, was neither given an operational definition in the Proclamation nor given a reference to other public documents. This lack of clarity may lead to different interpretation by implementers possibly leading to an inefficient and ineffective realization of the objective of ADLI (see section 2.4.1).

7.2.3 Investment proclamation

The Investment Proclamation No. 769/2012 clearly articulates its support for FDI in Article 5 where it states the role of foreign investment in Ethiopia's economic development. To encourage FDI, the Proclamation further emphasizes the investment incentives, guarantees and protection, and remittance of funds in its Articles 23, 24, 25 and 26. The study recognises that the Proclamation attempts to attract inward FDI, but there are areas that require major improvements so as to promote Ethiopia's long-term development agenda.

Although incentives are a vital element to attract inward FDI, this study notes that the generous investment incentives, especially for export-oriented agricultural investments, are granted upfront without sufficient conditions in favour of Ethiopia and its citizens. The incentives include long term loans with very low interest rates, the ability to lease large tracts of land for half a century with a very low lease prices and four-to-five year grace periods, tax exemptions³³ and residence permits. The conditions for incentives could enable Ethiopia to ascertain some of the envisaged investment benefits such as skills upgrading through training as well as creating linkages between

³³ The tax exemption includes income tax, import tax, and export tax.

foreign investors and local smallholder farmers. In addition, if incentives are tied to the performance of the investment projects, Ethiopia could be able to neutralise the loss in the event that projects do not perform as predicted (see section 2.3.5).

In this study, it is observed that the Proclamation facilitates the application for an investment permit by a foreign investor using a form designed for such purpose. However, the information requested in the stated application form is general and does not have local content requirements and does not seek information that could allow distinguishing between speculative and long-term investors. It also does not have aspects of investors' previous experience in the requested investment project as well as investors' track records in terms of environmental and social performance of their previous investments. Once a foreign investor allocates the minimum capital requirement (USD 200,000) for an investment project, the said entity is granted the investment permit and the incentives immediately. This investment promotion to attract inward FDI may have negative consequences for Ethiopia such as compromising the country's security as any person in the pretext of investment can enter into the country and promote anti-peace activities such as terrorist attacks, which is the case in the Horn of Africa (for example by Al-Shabaab). An investor's track records and past experience could be an indicator to ensure the project's social, environmental and economic performance provided that all other things remain the same. This argument is in line with the findings of Kumar (2003) and Balasubramanyam (2003) (see section 2.3.6).

This study also identifies that Article 38 in the Proclamation, that specifies that it is the duty of the investor to protect the environment, is in breach of the Constitutional provision of Article 92 (4) that states that "government and citizens shall have the duty to protect the environment". This inconsistency is bound to create a challenge to implementers of this Proclamation and may prove ineffective in the long run.

7.2.4 Growth and transformation plan

The five-year (2011-15) Growth and Transformation Plan (GTP), which is a medium-term strategic framework, echoes the Rural Development Policy and Strategies and re-emphasises the importance of foreign investment in large-scale agriculture to advance agricultural development in Ethiopia. It urges that such investments should be actively supported, particularly export-oriented large-scale farming such as cotton, date palms, tea, and rubber tree plantations.

It is natural for the GTP to encourage export-oriented agricultural investments in line with Ethiopia's investment policy. It does not relate export-orientation with the spill-over effects of FDI. Unintended effects could relate to the fact that the agricultural sector is still in its infancy and the smallholder farmers apply primitive technology. It is likely that they are not adequately capacitated to take-up the positive externalities of FDI in highly mechanised large-scale agricultural ventures (see section 6.5.2). This argument is in line with the findings of Blyde et al (2004) and Sass (2003) (see section 2.3.4).

The GTP stresses the expansion of quality education and health services which are vital elements to encourage inward FDI. It showcases the available land (about three million hectares within the five-year period) for large-scale commercial farming which is a determinant factor for FDI in agriculture. The GTP promotes labour intensive technology as Ethiopia has abundant labour. It encompasses action plans of the social and economic policies and these policies are founded on ADLI which promotes agricultural development. The GTP is enabled to reflect on the policy objectives of each sector, including agriculture sector policies, and their harmonisation. It is a good tool to track progress and taking corrective action in a timely manner.

Although the GTP advocates for labour intensive technology, the absorption of labour is dependent on the investment type i.e. capital-intensive or labour-intensive. It is well-known that the large-scale agricultural projects in Ethiopia are capital-intensive, and thus their demand for labour is limited. This claim confirms the conclusions of Tran-Nguyen (2010) and Gerlach and Liu (2010) (see sections 2.4.1 and 2.4.4).

7.2.5 Education and training policy

The Education and Training Policy was designed to promote the ADLI strategy. The policy-specific objectives include the promotion of relevant and appropriate education and training through formal and informal programmes, the provision of training in various skills and at different levels so as to satisfy the country's need for skilled manpower, as well as the provision of education that promotes the culture of respect for work, positive work habits and high regard for workmanship.

The overall policy approach is adequate to equip the workforce with the required skills to facilitate FDI operation in Ethiopia. The policy attempts to address the education and training needs of Ethiopia. It recognises the huge workforce of Ethiopia and tries to design education and training

that corresponds with Ethiopia's current need to achieve the development objective. It also realises the need for financial resources for the provision of the various levels of education, training and research and has put in a strategy to fund these programmes.

The most apparent education and training areas that the policy focuses on are agriculture, health, infrastructure and entrepreneurial skills. These fields of education and skills are critical to attracting FDI, to facilitate its operation, to absorb the labour force and for domestic firms to capture the positive effects of FDI. This will ensure long-lasting benefits for Ethiopia. In addition, aligning education, training, and research to the specific needs of investment areas are one of the success criteria for attracting FDI. A large number of scholars underline the importance of education, training, research, and a skilled workforce in encouraging inward FDI. They also highlight the availability of a skilled labour force and labour productivity as determining factors for inward FDI decision (see sections 2.2 and 2.3.2 and 2.3.3).

The education policy of equipping students in more than two languages, including English, directly supports inward FDI operations in Ethiopia (see section 2.3.3.1).

7.2.6 Health policy and strategies

The health policy reiterates the overall development objective of the country (i.e. agricultural transformation). The policy acknowledges the importance of health for economic growth and emphasises health promotion that is in many ways economical rather than curative. It emphasises the significant role of a healthy population in advancing social and economic development. A healthy population and a productive workforce are the determinant factors for FDI inflows, especially labour efficiency seeking FDI. The policy acknowledges that health is a fundamental element for Ethiopia's development. Improved health enhances students' learning capacity which promotes the education policy implementation. This, in turn, promotes a skilled workforce that advances economic development. This positive effect of the health policy in attracting FDI inflows is noted by many scholars (see section 2.3.2.4).

In addition, the health policy highlights the need to prevent and control pandemic and endemic communicable diseases such as HIV/AIDS, TB and malaria and has put strategies such as the

Health Extension Programme³⁴ in place to curb the problems. This strategy is in line with the investment policy which encourages large-scale agricultural investments in lowland areas that are malaria prone and requires extensive health services to prevent and control such diseases and ensure labour productivity. Strengthening the health system is also an important factor to encourage FDI as it ensures the control and managing of disease outbreaks which could deter inward FDI flow as experienced in the recent deadly Ebola disease in West Africa. The correlation of population health with economic performance, as well as between disease outbreaks and FDI flows, is documented by many scholars (see section 2.3.3.5).

7.2.7 Infrastructure

The Macroeconomic Policy Framework in Ethiopia also includes infrastructure development, which is key to the development of various sectors to advance the social and economic development of the country. The development of infrastructure such as transportation, communications, and electric power facilities are of significant importance to ensure accelerated economic growth. The policy stresses the infrastructure sector's important role in contributing to the development of agricultural and industrial sectors.

The infrastructure development programme is the outcome of the investment policy which spells out the needed infrastructure for lowland areas where large-scale agricultural investments are encouraged. This programme directly supports FDI in large-scale agriculture. The infrastructure development programme in lowland areas and the need for large amounts of capital for undertaking the various infrastructure development projects is acknowledged in the Rural Development Policy and the GTP which have also put in place a strategy to obtain the required resources.

The World Bank study on Ethiopia's infrastructure as well as the African Development Bank Group's Country Strategy confirms the need for intensification of infrastructure development in Ethiopia. It has become one of the Ethiopian government priority areas in order to sustain Ethiopia's high economic growth and increase competitiveness (Foster and Morella, 2011; AfDB, 2011). The direct engagement of the Ethiopian government in infrastructure development also contributes to attracting inward FDI. This is validated by many scholars (see section 2.3.3.1).

³⁴ Health Extension Programme (HEP), which is based on expansion and construction of health facilities and developing Health Extension Workers (HEWs), was designed to ensure the delivery of basic preventive and curative health services to the rural population.

7.2.8 Labour proclamation

Ethiopia has been a member of the International Labour Organisation (ILO) since 1923 and has ratified major conventions of the ILO which demand that Ethiopia commit itself to uphold the core labour standards (Redea, 2009; OSAHD, Pers., Fed., 2014). These include the prohibition against child labour, prohibition of forced labour, the right to organized and collective bargaining, freedom from discrimination in employment and remuneration, as well as occupational safety and health which have been re-emphasised in the National Employment Policy and Strategy, designed to advance the implementation of the Labour Proclamation.

The Labour Proclamation No. 377/2003 and subsequent Proclamations Nos. 466/2005 and 494/2006 are good and support FDI through the established labour standards that are based on international labour standards. Furthermore, Ethiopia is promoting labour-intensive technology with the view to creating employment for the abundant labour. These labour standards protect the agricultural workers' fundamental rights such as negotiating of an employment contract, working hours, overtime pay, leave, and wages. The occupational health, safety, and working environment standards in agriculture also protect agricultural workers' rights. They attract socially responsible inward FDI (see section 2.3.3.3).

7.2.9 Environmental policy

The Ethiopian environmental policy addresses a wide range of environmentally related issues,³⁵ including sectoral and cross-sectoral environmental concerns, in a comprehensive manner. The policy's overall objective is to ensure the sustainable use of natural, human-made and cultural resources as well as to promote sustainable social and economic development. The policy directs each economic and social sector to develop and implement their sector-specific environmental policies and associated directives and guidelines, as well as to monitor, evaluate and review the regulatory frameworks. The policy advocates for community participation in all phases of environmental and resource development and management, the protection of cultural and natural heritage, LUP; EIA, and strategic environmental assessment (SEA).

³⁵ Environmental related issues include natural resources, ecosystem biodiversity, energy resources, mineral resources, human settlement, pollution, tenure and access rights to land and natural resources, environmental information system, environmental research, and environmental education and awareness.

The environmental policy of Ethiopia is in agreement with the various international environmentally-related conventions that Ethiopia is signatory to. The policy fully promotes sustainable FDI in agriculture through its provisions. It has paved the way for many environmentally-related proclamations, regulations and strategies such as the Environmental Impact Assessment Proclamation, Environmental Pollution Control Proclamation, Solid Waste Management Proclamation, Industrial Pollution Regulation, Climate Resilient Green Economy Strategy and the upgrading of Environmental Protection Authority to Ministry level. These policy instruments are proactive tools to harmonize policies and to integrate environmental, economic, cultural and social considerations into decision-making processes in a manner that promotes sustainable development.

In addition, the policy is considerate in its balance of environmental, social and economic concerns through its provisions of citizens' fundamental rights. These are enshrined in Article 43 of the Constitution (The Right to Development),³⁶ Article 44 (Environmental Rights),³⁷ and Article 92 (Environmental Objectives).³⁸ It underscores the importance of strategic LUP and EIA. These involve a wide range of disciplines and engagement with communities that are likely to be affected by the decision. It aims to efficiently and objectively regulate the land use and avoid land-use conflicts so as to advance sustainable development. Citizens' fundamental rights promote not only environmental sustainability but also pro-poor FDI in agriculture as they advocate for full participation in the planning and implementation of policies, programmes and projects such as agricultural investments affecting citizens directly. The policy is sensitive to the current Ethiopian

³⁶ Article 43 The Right to Development - 1. The Peoples of Ethiopia as a whole, and each Nation, Nationality and People in Ethiopia in particular have the right to improved living standards and to sustainable development. 2. Nationals have the right to participate in national development and, in particular, to be consulted with respect to policies and projects affecting their community. 3. All international agreements and relations concluded, established or conducted by the State shall protect and ensure Ethiopia's right to sustainable development. 4. The basic aim of development activities shall be to enhance the capacity of citizens for development and to meet their basic needs..

³⁷ Article 44 Environmental Rights - 1. All persons have the right to a clean and healthy environment. 2. All persons who have been displaced or whose livelihoods have been adversely affected as a result of State programmes have the right to commensurate monetary or alternative means of compensation, including relocation with adequate State assistance

³⁸ Article 92: Environmental Objectives – 1. Government shall endeavour to ensure that all Ethiopians live in a clean and healthy environment. 2. The design and implementation of programmes and projects of development shall not damage or destroy the environment. 3. People have the right to full consultation and to the expression of views in the planning and implementation of environmental policies and projects that affect them directly. 4. Government and citizens shall have the duty to protect the environment

unlimited development challenges of food security, mitigating and adapting to climate change, protecting biodiversity whilst promoting economic growth, preventing and settling land conflicts.

A large body of literature also confirms the Ethiopian environmental policy to be transparent and in accordance with sustainable development principles and international environmental standards that are designed to promote environmental sustainability while ensuring economic and social development (Krueger et al, 2012; Tesfaye, 2008; Ruffeis, et al, 2010). Several studies confirm that environmental standards encourage environmentally responsible inward FDI (see section 2.3.3.4).

7.2.10 Social protection policy

Ethiopia has signed a number of international and continental agreements related to social development, which encompasses social protection. These agreements include the Universal Declaration of Human Rights (UDHR), the International Covenant on Economic, Social and Cultural Rights (ICESCR), and the African Union Social Policy Framework for Africa (AUSPFA). Article 9(4) of the Ethiopian Constitution, authorised all international agreements ratified by Ethiopia to be an integral part of the national law. The Constitution further gives a specific provision for social protection in its Article 90.

The National Social Protection Policy, which is based on the ADLI principles and focuses mainly on reducing agricultural vulnerabilities, supports FDI in agriculture through its provision for social protection that improves the effectiveness and efficiency of investments. This, in turn, accelerates the attainment of the development goals of Ethiopia, especially for the most vulnerable members of society who are mainly found in the lowland rural areas where FDI in large-scale agriculture is encouraged. This claim is confirmed by a number of scholars that documented the wide range of long-lasting benefits from effective social protection such as improved security, sustained peace and greater social stability which is a significant contributing factor to attracting inward FDI (see section 2.3.3.2).

7.3 Institutions that facilitate FDI in large-scale agriculture in Ethiopia

Institutional and regulatory frameworks are vital elements to encourage inward FDI. Hence, Ethiopia established three FDI promotion institutions that are at the forefront and play a pivotal role in facilitating the implementation of the investment policy in large-scale agriculture. The

Ethiopian Investment Commission (EIC)³⁹ is established to implement transparent and efficient investment administration system with the view to encourage and expand foreign investments. The EAILAA⁴⁰ is established to administer large-scale agricultural investments, and the DBE⁴¹ is mandated to promote the national development agenda through the provision of development finance and technical support to viable projects that are in government's priority areas such as agriculture. Figure 7-1 describes the different functions and sequences carried out to facilitate FDI in large-scale agriculture by these three institutions.

These institutions promote FDI along with generous incentives. These incentives, compounded with the current high global demand for agricultural products, encourage the flow of FDI in agriculture to Ethiopia. The facilitation of FDI operations once established in Ethiopia requires the availability of the technical and financial capacity of these institutions. Further, the competence of these institutions has a significant impact on the quantity and quality of attracted FDI in agriculture into Ethiopia. The DBE has almost a century of experience in financing development projects and programmes and it may have the required capacity in facilitating the financing of the agricultural projects in the form of long-term loans. The EIC and EILAA are in their infancy and require strengthening their human and financial capacity to adequately carry-out their mandates (EPD, Pers., Fed., 2014; EIAT, Pers., Fed., 2014; AEZ, Pers., Fed., 2014; ISEMED, Pers., Fed., 2014; LEAD, Pers., Fed., 2014; LAD, Pers., Fed., 2014; IPST, Pers., Fed., 2014; AIPFAT, Pers., Fed., 2014).

The social and economic sector institutions that are also crucial for the facilitation and scrutiny of sustainable and pro-poor agricultural investments include health, education, labour, environment, infrastructure and policing (see sections 7.2). The need for human and financial capacity of these institutions is evident from the challenges faced in the implementation of the various policies that are designed to facilitate FDI in large-scale agriculture (see sections 6.4, 7.4 and 7.5). This argument is supported by many scholars (see sections 2.3.3 and 2.3.4).

³⁹ Before the establishment of the Investment Commission, investment related matters were handled by Ethiopian Investment Agency under Ministry of Industry

⁴⁰ Before the establishment of this Agency, large-scale agricultural investment related matters were handled by Agricultural Investment Support Directorate under Ministry of Agriculture

⁴¹ The Bank was established in 1909 and is a state owned development finance institution

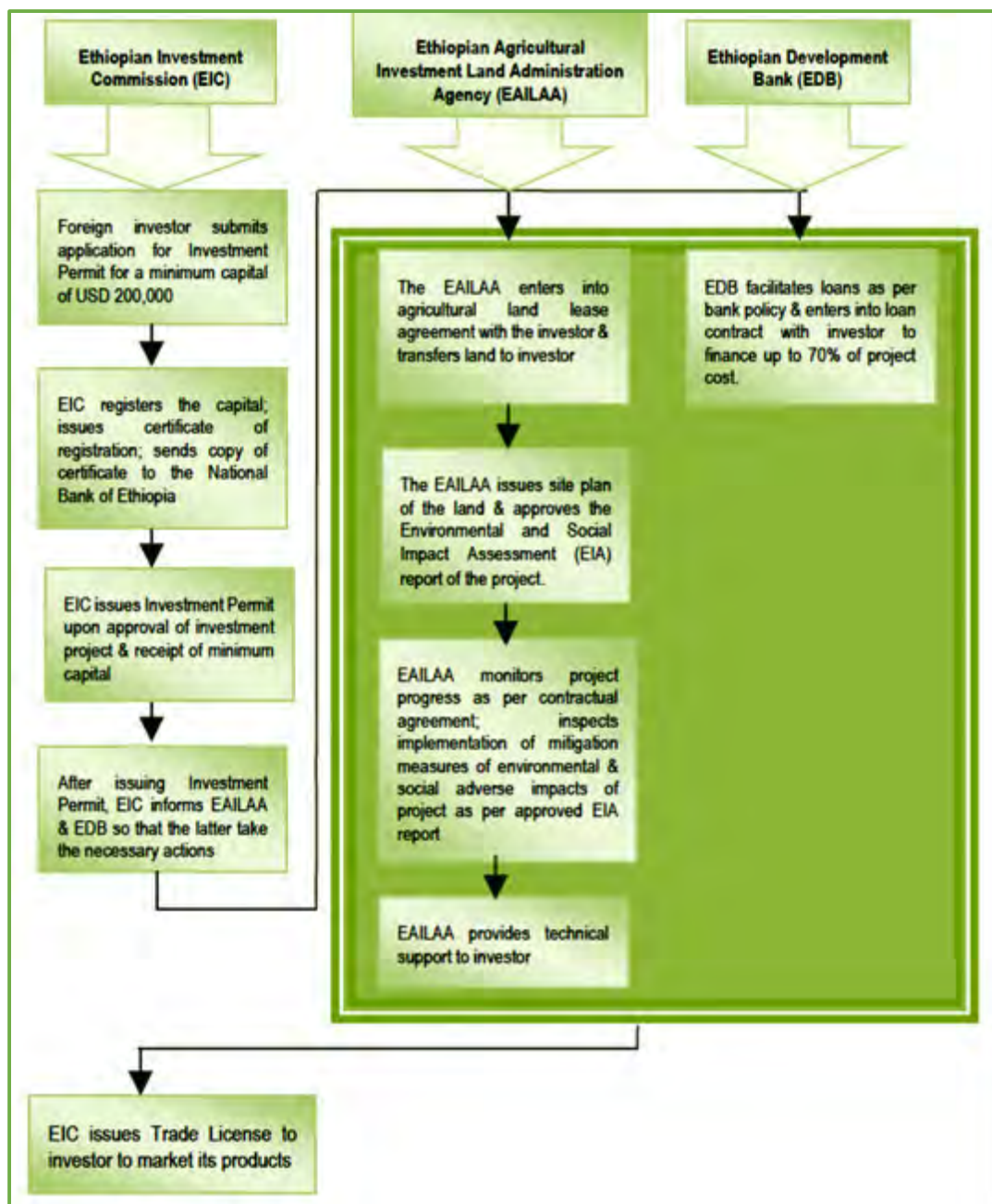


Figure 7-1: Process tree of FDIs in large-scale agriculture in Ethiopia

7.4 Practical challenges in implementing policies that support FDI in agriculture

Section 7.2 highlighted the various Ethiopian social and economic sector policies in support of pro-poor and environmentally sustainable FDI in large-scale agriculture. Section 7.3 presented the key institutions tasked with investment promotion and their distinct roles. This section presents

the fundamental problems that the institutions tasked with investment promotion face in their efforts to effectively carry-out their mandates. It also reports on the major challenges to implementing the policies as evidenced by the poor performance of large-scale agricultural investment projects (see section 6.4).

The principal implementing agencies of the investment policy lack financial and human resources, and technical capacity (PMELD, Pers., Fed., 2014; IPST, Pers., Fed., 2014; AIPFAT, Pers., Fed., 2014; EPD, Pers., Fed., 2014; LAD, Pers., Fed., 2014; EPU, Pers., Reg., 2014; LUAU, Pers., Reg., 2014). The lack of technical and financial capacity of the investment promotion agencies at all levels of government (Federal, Regional, District, and Kebele⁴²) hampers the ability to facilitate the operation of the agricultural investment projects. This includes the institutions capacity to carry out adequate LUP and financial valuation of land (LAD, Pers., Fed., 2014; EIAT, Pers., Fed., 2014). The tasks require expertise and skills within the institutions and also the local knowledge of the community (see section 7.2.9). Adequate lease agreements (see section 7.5) and financial resources are also required.

The key informants at Federal and Regional Levels stress that there is an insufficient number of experts to service the ever increasing number of agricultural projects. This, compounded with the absence of transportation, deters regular monitoring of the projects' performance (LAD, Pers., Fed., 2014; EIAT, Pers., Fed., 2014; LUAU, Pers., Reg., 2014). One of the key informants said that "the shortage of human resources is due partly to the investment promotion agencies' salary and benefits packages which are not as attractive as private sector remuneration. Hence, it is difficult for the agencies to fill vacant posts. For instance, our agency has vehicles and funds for running costs such as petrol, but it doesn't have drivers to regularly monitor progress and provide support to the agricultural projects which are located in remote areas. Multiple driver posts have been advertised but it could not be filled" (LAD, Pers., Fed., 2014). The shortage of human resources, expertise, and transportation in FDI promotion institutions at all levels of government results in deterring the timely and regularly monitoring of the performance of all investment projects. Therefore, the appropriate actions, including a provision of support to facilitate project implementation, cannot be taken in a timely manner.

⁴²Kebele is the lowest level of government at village level.

The lack of technical capacity in these institutions, especially EAILAA, can result in the provision of land that is not suitable for agricultural activities and the type of crops desired by the foreign investor (see sections 6.4.1 and 6.4.4). It can also lead to the setting of irrational lease prices which are not based on an economic valuation of the land. Contracts that are not adequate and miss vital clauses are drafted and opportunities for ensuring environmentally sustainable and pro-poor investments can thus be lost (see section 7.5).

The absence of institutional resources impedes the evaluation of the track-record of investors to ascertain their motives (i.e. speculative versus long-term investors) and previous social and environmental performance to understand their potential in bringing the desired agricultural development (see sections 6.4 and 6.5) prior to granting FDI rights. It is possible that investment permits for large-scale agriculture are given to investors who neither have experience in large-scale agriculture nor have a policy on corporate social and environmental responsibilities. It is to be noted that all the large-scale agricultural investors included in this study do not have prior experience in large-scale agriculture, neither do they have an EMU or an expert on environmental and social affairs to ensure environmentally and socially mindful investments (see section 6.4).

The identified problems include:

1. **Delays in providing agricultural land:** There are delays in providing land after the issuance of investment permit. This is due to the inventory on available lands in the specific region not being accurate. There are no up-to-date land statistics (IPST, Pers., Fed., 2014; LAUD, Pers., Fed., 2014). One of the key informants said that “at times, the registered available lands are occupied by smallholder farmers. Investors have to wait until the farmers are evacuated which could take more than a year. There are documented cases where investors received lands after two years” (IPST, Pers., Fed., 2014).
2. **Unsuitable land and location for agriculture:** Investors leased unsuitable lands for agricultural practices (i.e. flooding – see section 6.4.1) and also lands were in unsuitable locations for the type of agricultural crops (i.e. prolonged rain - see section 6.4.4). This has negatively affected agricultural project performance and caused financial loss (KAPP-SM, Pers., FIC, 2014; TAIP2-SM, Pers., FIC, 2014).
3. **Shortage of Government Services:** The Gambella and Benshanguel-Gumuz regional states, where large-scale agricultural investments are encouraged, are severely short of government-provided services such as roads, electricity, telephone and internet networks and banks (see

sections 6.2 and 6.3). The absence of these services contributes to the low performance of the agricultural projects and causes additional business costs (see section 5.5.4). For instance, the absence of electric-power deters the intensification of the agricultural project operations. Hence, they are forced to use diesel-based generators which cause additional cost to the projects (see section 6.4) (KAPP-SM, Pers., FIC, 2014; TAIP2-SM, Pers., FIC, 2014; RAP-SM, Pers., FIC, 2014).

4. **Unavailability of skilled manpower and high turnover of employees:** There are intertwined labour-related challenges surrounding the large-scale agricultural investments. The unavailability of local skilled manpower leads to the use of foreign workers that are costly compared to locals. This is not cost-effective for the projects (ESPD, Pers., Fed., 2014). The harsh environment⁴³ in which these investments are taking place leads to the high turnover of these workers (TAIP-SM2, Pers., FIC, 2014). This results in the projects hiring replacement foreign workers and processing work permits which requires a lot of resources such as time and money (TAIP-SM2, Pers., FIC, 2014). The other challenge the investors have is the strictness of the Ethiopian labour law that does not allow hiring and firing as and when the projects need to do so. In the investors' opinion, this impairs efficient project operation (see section 6.4.6) (SESP-SM, Pers., FIC, 2014).
5. **Security issues:** The large-scale agricultural investors, especially in Gambella regional state, have faced huge security problems (see sections 5.5.3, 5.5.5 and 6.2). These contribute to the low performance of the projects and also entail additional costs to the projects (SADP-SM1, Pers., FIC, 2014; SADP-SM2, Pers., FIC, 2014; RAP-SM, Pers., FIC, 2014; TAIP-SM2, Pers., FIC, 2014). All foreign agricultural projects are guarded by a large number of militia (the number is determined by the farm size and the level of security threat) that are provided by the government (TAIP-SM2, Pers., FIC, 2014). The agricultural projects provide fully equipped shelters as well as a monthly fee of an average Eth birr 10,000 (about USD 500) in addition to the farm guards hired by the projects (TAIP-SM2, Pers., FIC, 2014). This security threat results in these projects spending a lot of money so as to secure the farm sites. It also negatively affects the project operations (see sections 6.4.2, 6.4.3, and 6.4.4) (SADP-SM1, Pers., FIC, 2014;

⁴³ The low land areas are very remote, have high risk of malaria and very hot weather at times the temperature reaches more than 45°C. There is no infrastructure such as clean water, electricity, roads, communication.

SADP-SM2, Pers., FIC, 2014; RAP-SM, Pers., FIC, 2014; TAIP-SM1, Pers., FIC, 2014, TAIP-SM2, Pers., FIC, 2014).

6. **Customs office lengthy processes:** The large-scale agricultural projects have difficulties in getting the imported agricultural inputs in a timely manner due to the lengthy processes of the Customs Office. This hampers the operations of the farms and incurs additional operational expenses to the projects (see section 6.4.3) (RAP-SM, Pers., FIC, 2014).
7. **Lack of coordination among government agencies:** The coordination problem among various sectors is obvious from the inadequate implementation of the investment policy. For instance, the absence of an adequate information exchange system among FDI promotion agencies at Federal, Regional, and District levels results in taking contradictory decisions that cause an interruption in project operations and unnecessary loss of productivity. The Ruchi Agri Plc is a case in point. The company is given a four-year grace period for the land rent which is stated in the contract. The contract is signed with EALIAA at Federal level (see section 6.3). The District Office was continuously asking the project to settle the annual lease payment despite that the project referred to the contract and refused to pay the requested payment. The District Officials went ahead and stopped the project operations for 45 days until the problem was resolved (RAP-SM, Pers., FIC, 2014). This caused additional expenses as well as delays in the project implementation (RAP-SM, Pers., FIC, 2014). This could be due to inadequate vertical information flow owing to the power relations between the various levels of government (see section 2.6.1.1).
8. **Unrealistic decisions:** The lowland areas, where the large-scale agricultural investments are encouraged, are covered by forests, woodland, and savanna land (see sections 6.2 and 6.3). The investment projects had to clear the forests in order to develop the land. The government made a decision to give the wood from these forests to the local communities who neither have the right tools to work on these vast number of trees nor the vehicles to transport the felled trunks. The decision-makers are very much aware of the lack of capacity of the local communities, but the decision was made without designing a mechanism to assist them. The decision has some elements of community concern, but were not fully executable and were not facilitated by the investment projects. For instance, the S&P Energy Solution Plc was instructed to give the wood to the community and since the operation of moving large quantities of felled trees is beyond the community's capacity, these are lying on the farm site

resulting in termite infestation and have become a wasted resource (SESP-SM, Pers., FIC, 2014).

7.5 Terms and conditions of the agricultural land lease agreement

The format of the current Ethiopian agricultural land lease agreement entails identity, signature and contact information of both parties (Lessor and Lessee), purpose of the agreement, description of the property (farmland), lease term with start and end dates (duration of lease period), method and amount of land rent per annum, permitted and prohibited uses of the lease land, lessee's rights and obligations, lessor's rights and obligations, conditions to transfer land leaseholder's right to a third party, contract's termination and renewals conditions, contract's termination grounds and procedures, disputes settlement, communication modalities, validity of the contract and its registration, contract's governing law, and governing conditions of force majeure.

This land lease agreement format is very loose in addressing the crucial and obvious social and environmental problems related to large-scale agriculture. It excludes essential clauses such as farm insurance to cover pollution and environmental liability, conservation plans, conditions of the farm land on return, arrangements for compensation, maintenance and repairing the farm land, security deposit, monitoring and reporting format and frequency, non-point source pollution, the number and type of jobs to be created for the locals, and engagement with the local small-holder farmers to improve their farming methods.

The agricultural land lease agreements are one of the instruments to implement policies, policy-based proclamations, directives and guidelines that are designed to promote agricultural and rural development in Ethiopia. The lease agreement should, therefore, mirror these policies to facilitate their adequate implementation. It should make emphasis on the social and environmental consequences of large-scale commercial agriculture and make a clear provision of responsibilities and obligations of land leaseholders (i.e. investors) as well as landowners (Ethiopian Government) in order to bring social, economic and ecological benefits such as soil conservation, water quality, air quality, flood damage mitigation, maintaining and improving biodiversity and wildlife habitat, and mitigating against global warming. It is imperative to carefully assess the terms and conditions of agricultural land lease contracts vis-à-vis economic, social and environmental benefits for

Ethiopia. This argument is supported by many studies that stress agricultural land lease agreements are critical aspects of agricultural production and marketing. It defines the landowners and land lease-holders responsibilities and obligations which are legally binding. These responsibilities and obligations of both parties should encompass the elements for sustainable and pro-poor investments in agricultural lands so as to ensure social stability, environmental sustainability, peace, and security (see section 2.6.2.4).

7.6 Summary

The contents of the policies that are designed to encourage FDI in agriculture are sound, but there are major challenges in implementing them. These challenges include the inadequacy of the institutions tasked with promoting such investment due to lack of financial and human resources, as well as the absence of infrastructure such as electricity and roads to facilitate the operation of the agricultural projects. Although the need for infrastructure development is identified in the investment policy content, providing the required infrastructure is imperative to facilitate operations of FDI projects to ensure their productivity and maximise benefits to Ethiopia. The support of policies for pro-poor and environmentally sustainable FDI in agriculture is limited as reflected in the case study narratives in Chapter 6, discussed in Chapter 7, particularly in sections 7.4 and 7.5, and the subsequent analysis in Chapter 8. These findings contribute to the discourse in the FDI field.

Chapter 8 : Analysis

8.1 Introduction

Analysis of the case studies, as narrated in Chapter 6, is carried out in this chapter. To start with, the framework to promote pro-poor and sustainable FDI in agriculture (Kakwani et al, 2000; Grimm et al, 2007; De Schutter, 2009; Gordon and Pohl, 2010) is used to classify the agricultural investments demonstrated in the case studies into pro-poor and environmentally sustainable investment or not (see sections 2.6.1.1 – 2.6.1.3). Furthermore, the framework to measure the positive and negative impacts of FDI in large-scale agriculture (Görge et al, 2009) is used to determine the aggregated impact of the agricultural investments, demonstrated in the case studies, on the economy, environment and society (see section 2.6.1.4).

Based on the data collected and presented in Chapter 6, the performance of each case study against each criterion for pro-poor and environmentally sustainable investments was analysed using a five-level rating system ranging from very good to poor (see section 5.7). The numerical scores were assigned on a normative basis based on how each case study performs on each criterion. The summary results of the analysis of each case study against pro-poor and environmentally sustainable investment criteria are presented in Table 8-1. Detailed scoring of each of the criteria for each case study is given in Appendix 7. The results of the assessment are shown in Figure 8-1 for each assessed agricultural project. A summary graph is also used to show the overall assessment of these agricultural investment projects (see Figure 8-2).

Finally, evidence from each case study is triangulated to draw common conclusions on the support of the investment policy for pro-poor and environmentally sustainable FDI in large-scale agriculture (see Figure 5-12).

8.2 Assessment of the agricultural projects against pro-poor and environmentally sustainable investment criteria

Based on the case study narratives, each case is evaluated using the assessment criteria for pro-poor and environmentally sustainable investment. These criteria encompass good governance that prioritizes poverty reduction, human development, productive employment, social integration and environmental protection. These include aspects such as community participation in the negotiation of the agricultural land lease, improvements of local population food security, local

population benefits from the investment, quantification of the agricultural project's environmental impacts, managing agricultural waste, and advocating for the sustainable use of resources. These assessment criteria are adapted from the analytical frameworks established in the context of this research (see sections 2.6.1.1, 2.6.1.2, 2.6.1.3, and 2.6.1.4).

Table 8-1 shows each case study project's performance based on each criterion for pro-poor and environmentally sustainable investment and their total score. The data, collected from various sources, is graded on performance assessment rating system as follows: 1 = poor, 2 = fair, 3 = average, 4 = good, 5 = very good (see Appendix 7).

Table 8-1: Qualitative assessment of the agricultural projects against pro-poor and environmentally sustainable investment criteria.

Pro-poor investment criteria	Agricultural project case study					
	Karuturi	Saudi Star	Ruchi	Toren	BHO	S&P ⁴⁴
Existing rights to natural resources are recognised and respected	1	1	1	1	1	1
Participation of local residents, especially indigenous people, in the negotiation of large-scale land lease	1	1	1	1	1	1
Improvement of local farmers' farming methods	1	1	1	1	1	1
Improvements of local population's food security	1	1	1	1	1	1
Creation of jobs for local population	3	2	1	4	1	NA
Agricultural products (i.e. staple ⁴⁵ versus non-staple; food crops versus industrial crops ⁴⁶)	2	1	2	3	2	1
Respecting the core labour standards including wages, working hours, health insurance, occupational health and safety, and other benefits	2	2	1	5	1	NA
Labour-intensive technology is used to create more jobs for the locals	1	1	1	1	1	1
Out-grower scheme is practiced (i.e. creation of direct linkage between the project and local smallholder farmers)	1	1	1	1	1	1
Support to improve the local community's road, schools, and health centres (i.e. Corporate Social Responsibility)	3	1	1	4	1	NA
Total Score = 50	16	12	11	22	11	7
Environmentally sustainable investment criteria						
Environmental impacts of the project are quantified	2	2	1	2	2	1
Measures taken to mitigate the negative impacts of the project	1	2	1	3	1	1
Measures taken to ensure sustainable use of resources	1	1	1	1	1	1
Agricultural waste are managed as per industry best practice	1	1	1	4	1	NA
Agro-chemicals are managed as per Environmental Code of Practice for Agricultural investment	1	1	1	4	1	NA
Total Score = 25	6	7	5	14	6	3
Grand Total Score: 50 + 25 = 75	22	19	16	36	17	10
Grand Total Score for S&P: 35 + 15 = 50						

The potential total score for assessing pro-poor and environmentally sustainable large-scale agricultural investment is 75, except for S&P agricultural project to which the potential total score is 50 as five of the criteria are not applicable (see section 5.5.4.6). Toren Agro Plc scored the

⁴⁴S&P: This study was not able to make a direct observation on the farm site and its surroundings (see section 4.5.4.6 and the last sentence of paragraph three of section 6.4.6). Hence, three of the pro-poor criteria cannot be assessed (i.e. 15 points) and two of the environmentally sustainable criteria (i.e. 10 points) cannot be assessed.

⁴⁵Case study areas' staple foods are maize, sorghum and millet

⁴⁶Industrial crops are crops that provide material inputs for industrial processes and products such as oil crops, textile crops and bio-fuel crops. Its production potentially competes with food crops for land, water and other factors of production. The end product might not be available for local population.

highest with a score of 36 while Karuturi, Saudi-Star, BHO, Ruchi and S&P scored very low. It is evident that these large-scale agricultural investments do not encourage pro-poor and environmentally sustainable investment as they all scored less than 50% of the total score.

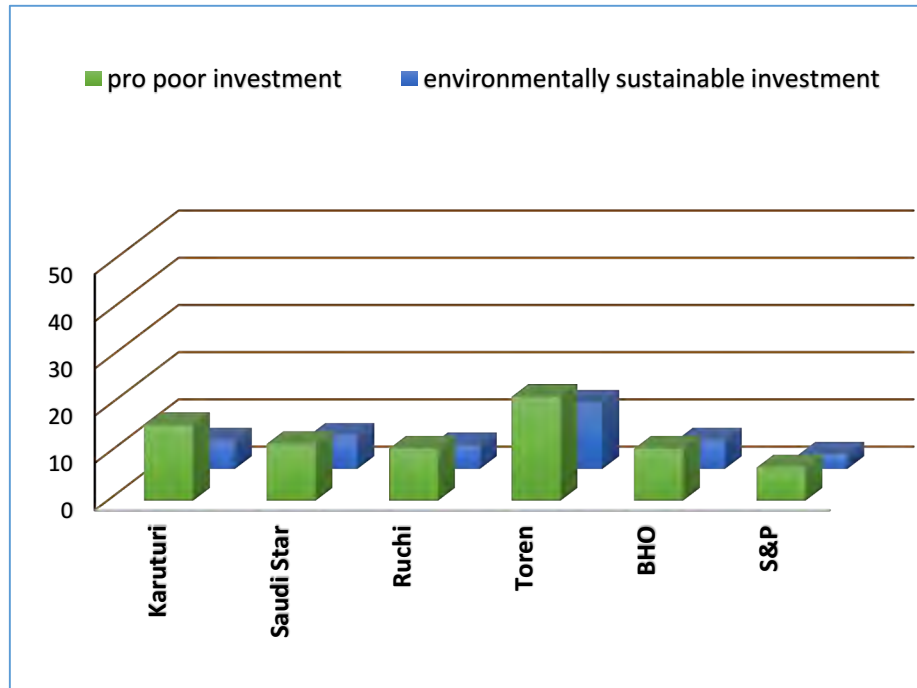


Figure 8-1: Total score of the agricultural project case study for pro-poor and environmentally sustainable investment

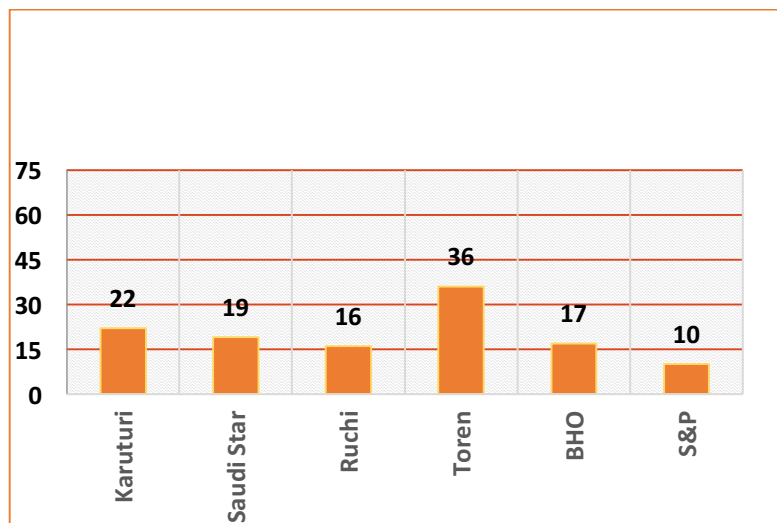


Figure 8-2: Overall score of the agricultural project case study performance in pro poor and environmentally sustainable investment

8.3 Implications of the low performance of the large-scale agricultural projects on pro-poor and environmentally sustainable investment

The low performance of the agricultural projects against the sustainability and pro-poor assessment criteria has many implications on the government (i.e. government institutions established to implement the investment policy) (see section 7.3). First and foremost, these institutions are mandated to facilitate the adequate implementation of the investment policy. These include ensuring community participation in the process of these agricultural investments such as LUP and negotiation in the lease agreement. In addition, these institutions ensure the selection of potential investors, and provision of government services such as electric power, roads, and communication so as to facilitate the operation of the project. However, these institutions are not equipped with the required knowledge and skills as well as financial and human resources to adequately perform their mandates (see sections 7.4 and 7.5). As a result, these agricultural investment projects failed to have positive impacts on economic, social and environmental development (see section 6.4 and Appendix 7).

The investment process was conducted between the Federal government and investors without involving the communities (see Figure 5-12). This is in breach of Article 92 of the Constitution (Proclamation No.1/1995) which states “citizens have the right to full consultation and to the expression of views in the planning and implementation of projects that affect them directly”. In addition, it is in breach of the Environmental Policy (see section 7.2.9) which ensures fundamental rights of all citizens that are enshrined in Articles 43⁴⁷ and 44⁴⁸ of the Constitution (Proclamation No.1/1995). The Environmental Policy advocates for community participation in all phases of environmental and resource development and management, the protection of cultural and natural

⁴⁷ Article 43 The Right to Development - 1. The Peoples of Ethiopia as a whole, and each Nation, Nationality and People in Ethiopia in particular have the right to improved living standards and to sustainable development. 2. Nationals have the right to participate in national development and, in particular, to be consulted with respect to policies and projects affecting their community. 3. All international agreements and relations concluded, established or conducted by the State shall protect and ensure Ethiopia's right to sustainable development. 4. The basic aim of development activities shall be to enhance the capacity of citizens for development and to meet their basic needs.

⁴⁸ Article 44 Environmental Rights - 1. All persons have the right to a clean and healthy environment. 2. All persons who have been displaced or whose livelihoods have been adversely affected as a result of State programmes have the right to commensurate monetary or alternative means of compensation, including relocation with adequate State assistance

heritage, LUP, EIA, and SEA. The EIA Proclamation No. 299/2002, Article 15 stipulates public participation, especially for communities that are likely to be affected by the implementation of a project, in the preparation of the environmental impact study of the project. All of the case study projects conducted E&SIA for their respective projects only after commencing operation (see section 6.4). This is in breach of the EIA proclamation. Secondly, the identified project risk mitigation measures were not yet implemented at the time of data collection (see section 6.4). This shows that the E&SIA was prepared just to comply with the rules rather than to make a real impact on the ground.

The current Ethiopian land lease agreement is inadequate to safeguard the environment and benefit the local communities (see section 7.5). In addition, it is also inadequate as a tool to hold investors liable for the negative impact of projects on the environment and communities. The lease areas in the case studies included much land not suitable for the practice of agriculture. Forestlands, woodlands, and savanna grasslands are included as well as national parks, a wildlife sanctuary and sensitive wetlands. The FDI projects cleared the trees and savanna grasses (see section 6.4). This has a huge negative impact on the ecological and economic services of the flora and fauna in support of local livelihoods. This clearly shows the EAILAA's failure to identify major environmental problems related to large-scale agriculture and to address these in the lease agreements in a manner that is legally binding to ensure compensation for any damages (see section 7.5). Furthermore, all of the case study projects failed against the pro-poor and environmentally sustainable investment criteria (see section 8.2). This low performance demonstrates the failure of both institutions (i.e. EIC & EAILAA) to verify the previous agricultural practices of the investors and their track-records in promoting sustainable agricultural practices. This should be one of the criteria to give investment permit so as to select potential investors (see sections 7.3 and 7.4).

The institutions, as well as the investors, failed in ensuring the fundamental rights of agricultural workers as discussed in De Schutter (2009), Gordon and Pohl (2010), and Görden et al (2009). All of the case study agricultural projects, except Toren, fail to respect the core labour standards (see section 7.2.8 and appendix 7). Hence, they pay very low wages (see section 6.4), do not pay overtime (see section 6.4), do not have insurance for occupational injuries (see section 6.4) and do not comply with the occupational health and safety standards in agriculture (see section 6.4). These core labour standards are indicators of pro-poor FDI in agriculture. They are in accordance with

the Ethiopian Constitution of Article 42 (Proclamation No. 1/1995) which states the rights of labour. The lack of adherence does not conform to the ILO's decent work agenda which promotes employment creation, workers' rights, social protection and dialogue so as to achieve fair globalization and the reduction of poverty. In addition, the case study agricultural projects are highly mechanized (see sections 6.4 and 6.5) and consequently, they have not created many jobs (see sections 6.4 and 6.5). This is in breach of the investment policy which promotes labour-intensive technology with the view to create employment for the abundant labour (see sections 7.2.1 and 7.2.4). These investments fail to create linkages with the smallholder farmers. The continued use of primitive tools to cultivate agricultural land by local farmers is but one stark visual reminder of the lost opportunities for the upliftment of local communities (see section 6.5).

These agricultural projects and the institutions failed to respect the human right to food as discussed in De Schutter (2009). Food insecurity for the local population is exacerbated since they are denied access to many natural resources that were part and parcel of the livelihoods of communities prior to the implementation of FDI projects (see section 6.5). This compounds the current struggles for survival of local communities since the projects have not created enough jobs to compensate for lost livelihoods.

Revenue benefits to local communities are limited to the land lease payment which is very low and doesn't cover the food needs of the local population. Furthermore, the projects have a four to five-year grace period to pay the lease (see section 6.4). This implies that there is no immediate revenue to the communities. The performance of the projects is very low in terms of their production of agricultural products to contribute to the overall economic growth of Ethiopia (see section 7.4). This verifies that the incentives, which are not based on performance and are provided prior to investment, are a loss to Ethiopia (see section 2.3.5). This practice undermines the Rural Development Policy which underscores the importance of foreign investments in large-scale agriculture to provide capital and agripreneurial skills that are required to facilitate agricultural transformation at the local level (see section 7.2.1).

8.4 Summary

Pro-poor and environmentally sustainable investment criteria have been used to assess each case study project for its environmental and social performance. The cross-case analysis of the case study agricultural projects indicates a general low performance in terms of their protection of the

environment and their contribution to social and economic development. The results indicate that although the content of the investment policy supports pro-poor and environmentally sustainable FDI in large-scale agriculture, essential elements, such as capable institutions, that enable the implementation of this policy, are missing. The government (i.e. the investment promotion institutions) and investors in the agricultural projects are demonstrated to be falling short in terms of delivering responsible agricultural investments that recognize and respect human rights and that legitimate the tenure rights of communities in natural resources as discussed in FAO (2012) (see section 2.6.2.1). This outcome renders the overall aim of the investment policy irrelevant, ineffective and inefficient. It implies that the support of the investment policy in line with pro-poor and environmentally sustainable FDI in large-scale agriculture is minimal.

The conclusions and recommendations of this study are presented in the next chapter.

Chapter 9 : Conclusions and Recommendations

9.1 Introduction

This thesis investigation focused on the degree of support provided by Ethiopia's Investment Policy for pro-poor and environmentally sustainable FDI in large-scale agriculture. Initially, the study identified three regions where FDI in large scale is practiced intensively. Those are Gambella, Benshanguel -Gumuz and SNNPR. In SNNPR, one foreign investment project which fulfils the criteria for inclusion in this research case study was initially identified. However, during data collection in December 2014, the agricultural project was found not to be operational. Subsequently, SNNPR was excluded from this study. Most of the FDIs are concentrated in Gambella and Benshanguel-Gumuz. These investment projects interact directly with the Federal Government. Therefore, the Regional governments do not play an important role. In addition, these regions are classified as emerging regions which suffer from extreme poverty and have a serious lack of capacity to implement the decentralization programme. For these reasons, the analytical generalization to Ethiopia is still valid (see Figure 5-12 and section 5.5.1 for the Ethiopian federal system).

9.2 Contribution to knowledge

The main contribution of this research emerged from the analysis of the various policies (see chapter 7) that are designed to promote FDI in agriculture and the analysis of the multiple case studies (see chapter 8). The cross-case analysis of performance using pro-poor and environmentally sustainable investment criteria is a primary contribution to FDI field along with the analysis of the support of the investment policy for promoting pro-poor and environmentally sustainable FDIs in Ethiopia. The absence of detailed information on the extent, nature and impacts of FDI in agriculture in developing countries, including Ethiopia, has been highlighted by many scholars. The research findings presented here bridge the information gap on FDIs in large-scale agriculture in Ethiopia and could influence improvements in policy and implementation.

This study reveals the trend of FDI in large-scale agriculture in Ethiopia and it contributes to the debate on this field. It identifies the core determining variables of FDI in large-scale agriculture to be investor countries' projected population growth which is compounded with the scarcity of arable land and land-based resources, and the continuous price increase of agricultural products.

These are the empirical contributions of this study to the body of knowledge in the determinants of FDI (see section 2.3.3). Past studies on FDI have focussed on the economic impact of FDI, but this study's focus is on the social and environmental impacts of FDI in large-scale agriculture in Ethiopia, which has a bearing on the performance of FDI in the agricultural sector in terms of the green-economy. This is an important contribution to the body of knowledge in FDI.

A further contribution of this research is its grounding of critical-realism that is different from other studies in FDI that have been grounded in an eclectic paradigm. This allowed the research design to use different paradigms, namely positivism, critical theory and constructivism allowing the relevant issues to be tackled. FDI in large-scale agriculture in Ethiopia is a real event which corresponds to a *positivist paradigm*. This research reveals the hidden economic, social and environmental reality of FDI in large scale agriculture in Ethiopia which relates to a *critical theory paradigm*. This research endeavoured to understand the local context (Gambella and Benshanguel-Gumuz Regions) in which FDI in large scale agriculture is taking place thus corresponding to a *constructivist paradigm*. This appears to be the first time critical realism has been used as a philosophical basis for research in FDI, and this is, therefore, an additional contribution to knowledge.

Another contribution of this research is the use of case-study methodology in combined disciplines. Case study methodology has been used for research in agricultural policy, land policy as well as FDI policy separately in various parts of the world. The uniqueness of this research design is that it combines the analysis in these three different disciplines (agriculture, land, and FDI policies) in the Ethiopian context through applying case study methodology.

9.3 Research questions

The answers to the research questions addressed in this study are presented below.

9.3.1 Did Ethiopia have prior experience in FDI in large-scale agriculture?

FDI in large-scale agriculture is not a new phenomenon in Ethiopia. It was already practiced and encouraged during the time of Emperor Haile Selassie I (1930-1974). During the military regime, FDI was halted and state-owned large farms were promoted. FDI in agriculture was reinstated with the EPRDF government that took power in 1991 (see Chapter 3). It can be concluded that Ethiopia had prior experience in FDI in large-scale agriculture and could have learnt from past experiences.

9.3.2 Is FDI in large-scale agriculture in Ethiopia supported by the current Ethiopian investment policy?

The current investment policy (EPRDF) encourages FDI in large-scale agriculture, especially in sparsely populated lowland areas. The overall objective of the investment policy is to expedite agricultural transformation through large-scale commercial farming (see sections 6.2, 6.3 and 7.2). However, despite a favourable policy environment, execution of FDI is inadequate (see section 7.4). The lack of capacity within the institutions charged with promotion of FDI, along with inexperience of the foreign investors in large-scale agriculture, both contribute to the lack of delivery (see sections 6.4, 7.3, 7.4, and 8.3). Some of the foreign investors leased agricultural land due to speculation after the 2007 global food crisis (see sections 1.2.2 and 1.2.4). Most of these investors had been leasing large tracts of land for over five years at the time of data collection. Despite this, development and production envisaged in the lease have not been realized. These investments have been demonstrated to fail against pro-poor, environmentally sustainable and economically viable assessment criteria (see section 8.2).

9.3.3 What role does the current investment policy play in directing FDIs in large-scale agriculture in Ethiopia to be pro-poor and environmentally sustainable?

Strong institutions are vital for the realization of policy objectives. As discussed, despite good intentions and policies, FDIs are not as successful as they should be. The investment policy needs to go a step further to ensure that the institutions promoting investment have sufficient capacity to plan and deliver as well as to monitor and enforce compliance in FDIs. Only then will the policy objectives be realized (see sections 2.3, 7.3 and 8.3). The facilitation of FDI operations once established in Ethiopia requires the availability of technical and financial capacity in these institutions. Further, the competence of these institutions has a significant impact on the quantity and quality of FDI in agriculture attracted to Ethiopia. Strengthening the capacity of social and economic sector institutions that are also crucial for the facilitation and scrutiny of sustainable and pro-poor agricultural investments is important. These institutions include health, education, labour, environment, infrastructure and policing (see sections 7.2.5, 7.2.6, 7.2.7, 7.2.8, 7.2.9 and 7.2.10).

9.3.4 What theoretical and methodological frameworks are appropriate for investigating pro-poor and environmentally sustainable FDI in Ethiopia?

The chosen theoretical framework of this research - critical realism - was appropriate and allowed the research to answer research question 5. This research investigated issues related to FDI and agricultural land tenure in Ethiopia. This implies that the research involved different interest groups, namely the government of Ethiopia, investor companies, and the communities where these investments occurred. As they all had different perceptions and experiences on the impact of FDI in large-scale agriculture, it was important to be able to hear the various voices and to establish a “collection of answers” for its research questions. Adopting critical realism as its philosophical grounding set the scene for combining research approaches in order to critically assess the complex FDI environment in Ethiopia (see sections 4.2 and 4.2.1). The research was value-aware as it was conducted in the social world, which is not a closed system like a laboratory, and informants spoke from their perspectives only. The chosen paradigm supported the use of a case study method that, in turn, facilitated the use of different techniques such as documentation, interviews, direct observation and archival records, to collect and validate data (see section 5.4).

The multiple case study methodology applied in this research was appropriate and allowed the research to answer research questions 5, 8, 9, and 10 adequately. The issue this research tackled is sensitive and contentious requiring a systematic method of data collection and processing in order to fully understand the situation (see Chapter 6). It also required an in-depth investigation of the various policies and policy-based proclamation documents (see sections 5.4.1 and 7.2). The effect of these on the ground was assessed through interviewing key informants, namely government officials at all levels of government, company representatives and community residents, and making direct observations of the cases (see sections 5.4.3, 5.4.4, 5.5.2, 5.5.3, 5.5.4, 5.5.5, 6.4, 6.5, and 7.3, and 7.4). The multiple case study method facilitated a cross-case analysis. The case studies enabled triangulation of the information gathered from various informants and of the research findings, thus strengthening internal rigor. FDI in large-scale agriculture in Ethiopia is focused in three emerging regions. Two of the regions were included in this research, while the third region is similar and so results are expected to be generalizable to that region. This design strengthens the external generalizability of the study findings to Ethiopia (see section 5.3).

9.3.5 What analytical frameworks are appropriate to assess investment policy that promote pro-poor and environmentally sustainable FDI in agriculture?

The research identified and applied two main analytical frameworks. The first one is to assess the policies and their formulation, and the second one is to assess the case study data for its pro-poor responsiveness and promotion of environmental sustainability.

The first framework is a combination of the global voluntary guidelines on the responsible governance of natural resource tenure, the regional F&G on land policy, and guidelines for sustainable farming lease agreement (see section 2.6.2.). This framework was used to assess the formulation and implementation of current Ethiopian policies with regard to FDI in large-scale agriculture and to answer research questions 6, 7, 8.1, and 9.

The pro-poor and environmentally sustainable analytical framework was derived from various principles and measures to promote environmentally sustainable and pro-poor FDI in large-scale agriculture. It included aspects related to land and resource rights of indigenous people, agricultural workers' rights, food security, transparency and good governance, consultation and participation, social and environmental sustainability and economic viability (see section 2.6.1). This framework was applied to assess the performance of the agricultural projects and included issues related to social, environmental and economic aspects. Both these frameworks were found to be appropriate and enabled research questions 7 and 7.1 to be answered.

9.3.6 What cases in Ethiopia can be investigated in order to assess Ethiopian investment policy's support to FDI in large-scale agriculture as well as its promotion of pro-poor and environmentally sustainable investments?

The cases were selected based on the criteria developed by this study (see section 5.2 and 5.3). The study selected six foreign agricultural projects in Gambella and Benshanguel-Gumuz regional states (see sections 5.5.4, 6.4, and 6.5). The large-scale agricultural foreign investments are concentrated in these two regions of Ethiopia (see section 6.1). These cases are engaged in different types of agricultural production such as bio-fuel crops, rice, cotton, and oil crops. The lands they leased range from 6, 000 ha to 100,000 ha. These agricultural projects obtained the lands between

2008 and 2011 which is more than the five-year duration and therefore not new, allowing this research to assess their economic, social and environmental performance (see section 8.2).

9.3.7 How does the Ethiopian investment policy compare to accepted and relevant investment policy frameworks and guidelines?

The contents of the policies and policy-based proclamations are sound and capture each aspect that is significant to promote pro-poor and environmentally sustainable FDI in large-scale agriculture (see section 7.2). This is in line with the global and regional frameworks and guidelines in national investment strategies, policies, laws, rules, and programmes for effective agricultural sector development (see section 2.6.2).

9.3.8 What generalized conclusions can be drawn from these cases with regard to the primary research question?

The support provided by the investment policy for pro-poor and environmentally sustainable FDI is very minimal as evidenced from the assessment of the cases against the pro-poor and environmentally sustainable investment criteria (see section 8.2 and appendix 7). The results point towards the need for the policy to strengthen the capacity of relevant institutions to promote, assess and control FDIs and their impacts. The investigation also reveals lack of capacity within the FDI in terms of pro-poor, environmentally sustainable and economically viable large-scale agriculture project delivery.

9.4 Summary

FDI in large-scale agriculture has a long history in Ethiopia and was first practiced during the period of Emperor Haile Selassie I. From the analysis of the investment policy and the assessment of the multiple case studies, the main contribution to scientific knowledge emerges in the intersection of FDI, large scale agriculture and rural land administration and use, hence bridging the information gap on FDIs in large scale agriculture in Ethiopia. The support of the investment policy for pro-poor and environmentally sustainable FDI in large-scale agriculture is shown to be good, but fails to realize its goals due mainly to the weaknesses in the institutions promoting investment. Furthermore, other social and economic institutions such as education, health, and infrastructure that facilitate the operation of FDI in large-scale agriculture need to strengthen their capacity to adequately implement the investment policy.

At the theoretical and methodological level, the research contributes to knowledge through the use of critical realism and the case study methodology in research on FDI in large-scale agriculture in Ethiopia.

9.5 Further research

Pro-poor and environmentally sustainable FDI in large-scale agriculture could certainly contribute to agricultural transformation and sustainable rural development. Its realisation requires strong institutions particularly those in the social, economic and environmental sectors. These institutions could ensure the availability of skilled labour that corresponds to the needs of FDI at different stages of its operations, infrastructures, and social stability. These are vital elements for inward FDI's operation success. In addition, the institutions tasked with promoting investment should have the capacity to attract investors who have the experience and capacity to deal with environmentally sustainable, socially beneficial and economically viable large-scale agriculture. Hence, the Ethiopian institutions that facilitate FDI in large-scale agriculture need to strengthen their human and financial capacities as well as balance the number of FDI projects with their available human resources in order to manage these projects effectively.⁴⁹ Further research on how to mobilise resources to provide the needed infrastructure, avail skilled workforce and strengthen the capacity of institutions are recommended.

The communities' local knowledge of the ecology is significantly important. Their involvement in the process of large-scale agricultural investments should be included in land use planning. It is thought that their role in the negotiation of large-scale land leases is paramount for the success of the agricultural investments. The government needs to facilitate the full engagement of local communities in the planning and implementation processes to ensure pro-poor and environmentally sustainable FDI in large-scale agriculture.

Other suggestions include a further study on the economic and social impact of the flooding in Bildak and Knjikocho Kebeles, both in the Jikao District, and Pino Kebele in Itang Special District of Gambella regional state where the Karuturi large-scale agricultural project is located (see section 6.4.1).

⁴⁹Minimize the number of FDI to regularly monitor and give adequate support. This allows to quickly identify problems related to the investment and take appropriate measures timely.

The eco-tourism industry may also be shown to enhance the conservation of the environment, to improve the well-being of the local people and to contribute to the national economic development. Its numerous benefits have been documented in other countries such as Kenya and Cost Rica. It should be investigated as a suitable area of development for Gambella and Benshanguel-Gumuz Regions which are endowed with natural resources (see sections 6.2 and 6.3). The Gambella National Park is a sanctuary for some of the most exquisite wildlife in the world and one of the region's treasures. Further research on how to form, finance and manage the eco-tourism industry and an assessment of the socio-cultural, economic and environmental impacts of the eco-tourism investment including its workability in Ethiopia, is recommended. This may also enable a future comparison between large-scale agricultural investment and eco-tourism investment in terms of their long-term benefits to the environmental, social sustainability, development and their comparable economic costs and benefits.

References

Aalen, L. (2002), *Ethnic Federalism in a Dominant Party State: The Ethiopian Experience 1991-2000*. Chr. Michelsen Institute – Development Studies and Human Rights.

Abeasi, K., (2003), *Host Country Policies on FDI with particular reference to developing countries: A Brief Commentary*. The Development Dimension of FDI: Policy and Rule-Making Perspectives. Proceedings of the Expert Meeting held in Geneva. UNCTAD/ITE/IIA/2003/4.

Abbute, W., (2004), *Indigenous Knowledge of Shifting Cultivators and Strategies of natural Resource Management: The Case of the Gumuz in Metekel, North-Western Ethiopia*, http://www.ossrea.net/index.php?view=article&catid=91%3Aethiopia&id=254%3Aindigenous-knowledge-shifting-cultivators&format=pdf&option=com_content, accessed on 5 June 2015, Future Agriculture Consortium.

Adato, M., and Hoddinott, J., (2008), *Social Protection: Opportunities for Africa*. IFPRI Policy Brief 5, September 2008. <http://ebrary.ifpri.org/cdm/ref/collection/p15738coll2/id/12397>, accessed on 27 July 2015.

Addison, T., and Heshmati, A., (2003), *The new global determinants of FDI flows to developing countries*. United Nations University. World Institute for Development Economics Research, May 2003 Discussion Paper No. 2003/45

AfDB, (2011), *Federal Democratic Republic of Ethiopia Country Strategy Paper 2011-2015*, African Development Bank Group

Quisumbing, A., R., (1994). “Improving Women’s Agricultural Productivity as Farmers and Workers” World Bank, Education and Social Policy Department. ESP Discussion Paper Series No. 37. http://www-wds.worldbank.org/external/default/WDSContentServer/WDSP/IB/2001/03/20/000094946_0103030540312/Rendered/PDF/multi_page.pdf, (accessed on 3 November 2011)

Akrofi, E., O., (2013), *Assessing customary land administration systems for peri-urban land in Ghana*. PhD Thesis, Faculty of Engineering and Built Environment, University of Cape Town, March 2013.

Allard, G., and Garot, M.J., (2010), *The impact of the new labour law in China: New hiring strategies for foreign firms?* REVISTA DIREITO GV, SÃO PAULO, 6(2) | P. 527-540 | JUL-DEZ 2010, <http://www.scielo.br/pdf/rdgv/v6n2/a09v6n2.pdf>, accessed on 22 July 2015

Alsan, M., Bloom, D. E., and Canning, D., (2004), *The effect of population health on foreign direct investment*. NBER Working Paper Series. <http://www.nber.org/papers/w10596>, accessed on 20 July 2015

Amani, K., Nyange, D.A, Kweka, J.P., and Leyaro. V., (2003). “Trade Policies and Agricultural Trade in the SADC Region: Challenges and Implications.” Report for Food, Agriculture and

Natural Resources Policy Network. Bank of Tanzania. Economic Bulletin, Various Issues, January 2003.

AMCOW, (2014) Analysis of impacts of large-scale investments in agriculture on water resources, ecosystems and livelihoods; and development of policy options for decision makers. Summary of Initial Findings of the joint project of FAO, UNEP, GRiD-ARENDAL and IWMI

Anyanwu, J.,C., and Yameogo, D., N., (2015), What drives foreign direct investments into West Africa? An empirical investigation. http://www.researchgate.net/publication/273499796_WHAT_DRIVES_FOREIGN_DIRECT_INVESTMENTS_INTO_WEST_AFRICA_AN_EMPIRICAL_INVESTIGATION, accessed on 21 July 2015

Assosa University, (2015), Benshanguel-Gumuz Regional State, http://www.asu.edu.et/index.php?option=com_content&view=article&id=2&Itemid=60&lang=en, accessed on 3 June 2015

Astatike, G., and Assefa, H., (2005), Determinants of foreign direct investment in Ethiopia: a time-series analysis. Paper prepared for the 4th International Conference on the Ethiopian Economy, June 2005, University of Westminster, <http://www.wmin.ac.uk/westminsterresearch>, accessed on 20 September 2015.

Athukorala, W., (2003). "The Impact of Foreign Direct Investment for Economic Growth: A case Study in Sri Lanka. 9th International Conference on Sri Lanka Studies, Full Paper Number 092, Department of Economics, Faculty of Arts, University of Peradeniya, Sri Lanka.

Atkinson, M. M., and W. D. Coleman, (1989), The State, Business and Industrial Change in Canada. Toronto: University of Toronto Press.

AU, (2008), Social Policy Framework for Africa. 1st Session of the AU Conference of Ministers in charge of Social Development, Windhoek, Namibia. African Union <http://www.au.int>, accessed on 27 July 2015

AU Assembly (2009), Declaration on land issues and challenges in Africa, Assembly/AU/Decl.I (XIII) Rev.I, July 2009

AUC-AfDB-UNECA, (2007), Land Policy in Africa: A Framework to Strengthen Land Rights, Enhance Productivity and Secure Livelihoods: Background Document. AUC-AfDB-UNECA Joint Land Policy Initiative.

AUC-AfDB-UNECA, (2010), Framework and Guidelines on Land Policy in Africa. AUC-AfDB-UNECA Joint Land Policy Initiative.

AUC-AfDB-UNECA, (2011), Concept note for the high level policy forum on Land based FDI in Africa: Making investment work for African agricultural development. (Nairobi, October 2011). AUC-AfDB-UNECA Joint Land Policy Initiative. UNECA Publications and Conference Management Section, Addis Ababa.

AUC-AfDB-UNECA, (2014), Guiding principles on large scale land based investments in Africa. AUC-AfDB-UNECA Joint Land Policy Initiative.

Balasubramanyam, V., (2003), Host country FDI policies and development objectives. The Development Dimension of FDI: Policy and Rule-Making Perspectives. Proceedings of the Expert Meeting held in Geneva. UNCTAD/ITE/IIA/2003/4

Balcha, B., (2007), Restructuring State and Society: Ethnic Federalism in Ethiopia. PhD Thesis, Aalborg University, Denmark

Bandelj, N., (2001), Culture, contacts and capital: Social relations as determinants of foreign direct investment in Central and Eastern Europe. Proposal for the EPIC second cohort advance research workshop.

<http://citeseerx.ist.psu.edu/viewdoc/download?doi=10.1.1.198.879&rep=rep1&type=pdf>, accessed on 27 July 2015.

Banga, R., (2003), Impact of government policies and investment agreements on FDI inflows. Indian council for research on international economic relations. Working Paper No. 116

Baniak, A., Cukrowski, J., and Herczynski, J., (2002), On determinants of foreign direct investment in transition economies. https://www.cerge-ei.cz/pdf/gdn/rrc/RRCII_41_paper_01.pdf, accessed on 27 July 2015

Barrell, R., and Pain, N., (1996), An Econometric Analysis of U.S. Foreign Direct Investment. The Review of Economics and Statistics, 1996, Vol. 78, Issue 2, pp 200-207

Bartels, F., L., Kratzsch, S., and Eicher, M., (2008), Foreign Direct Investment in Sub-Saharan Africa: Determinants and Location Decision. Research and Statistics Branch, Working Paper 08/2008, UNIDO.

Basu, A., and Srinivasan, K., (2002), Foreign Direct Investment in Africa – Some case studies. IMF Working Paper. WP/02/61, <http://www.imf.org/external/pubs/ft/wp/2002/wp0261.pdf>, accessed on 20 July 2015.

Berhanu, K. (nd), Ethiopia: Beleaguered Opposition under a Dominant Party System. Addis Ababa University.

Bhargava, A., (2001), Nutrition, health, and economic development: Some policy priorities. Commission on Macroeconomics and Health Working Paper Series WG1: 14, Geneva, World Health Organization

Bissoon, O., (2011), Can better institutions attract more foreign direct investment? Evidence from developing countries. International Conference on Applied Economics – ICOAE (2011). <http://kastoria.teikoz.gr/icoae2/wordpress/wp-content/uploads/2011/10/007.pdf>, accessed on 28 July 2015

Bloom, D. E., and Canning, D., (2000), The Health and Wealth of Nations, Science, Vol. 287, No. 5456, PP 1207–1209.

Bloom, D.E., Canning, D., and Jamison, D. T., (2004), Health, Wealth and Welfare. Journal of Finance and Development, 2004, PP. 10-15, <http://www.imf.org/external/pubs/ft/fandd/2004/03/pdf/bloom.pdf>, accessed on 21 July 2015

Bloom, D.E., and Canning, D., (2008) Population health and economic growth. Commission on Growth and Development. Working Paper No. 24. http://siteresources.worldbank.org/EXTPREMNET/Resources/489960-1338997241035/Growth_Commission_Working_Paper_24_Population_Health_Economic_Growth.pdf

Blyde, J., Kugler, M., and Stein, E., (2004), Exporting vs outsourcing by MNC subsidiaries: Which determines FDI spillovers? Discussion Papers in Economics and Econometrics. Southampton: university of Southampton

Boman, M., Hellqvist, C., (2012), Swedish FDI in Africa: Locational determinants of FDI from the perspective of the OLI paradigm. Uppsala Universitet, Department of Business Studies, Master Thesis. <http://uu.diva-portal.org/smash/get/diva2:534466/FULLTEXT01.pdf>, accessed on 7 July 2015.

Briassoulis, H., (2004), Policy integration for complex policy problems: What, why and how. Paper presented at the 2004 Berlin Conference on the Human Dimensions of the Global Environmental Change: Greening of policies - Interlinkages and policy integration” December 3-4, 2004

Briggs, P. (2013), Ethiopia: The Bradt Travel Guide, 3rd edition (Chalfont St Peters: Bradt, 2002), p. 492

Brown, L. R. (2013), Food, Fuel, and the Global Land Grab. The Futurist January-February 2013. World Future Society

Buccus, I., Hemson, D., Hicks, J., and Piper, L., (2008), Community development and engagement with local governance in South Africa. Oxford University Press and Community Development Journal, Vol 43 No. 3, pp. 297-311.

Cagdas, V., & Stubkjaer, E., (2008), Doctoral research on cadastral development. Land Use Policy. JLUP-738, 1-21, Elsevier.

CGIAR, (2014), Can foreign direct investment benefit smallholders and investors? <https://wle.cgiar.org/thrive/2014/07/22/can-foreign-direct-investment-benefit-smallholders-and-investors>. Accessed on 14 May 2016

CIA, (2015), The World Factbook: Ethiopia, Central Intelligence Agency, <https://www.cia.gov/library/publications/the-world-factbook/geos/et.html>, accessed on 5 October 2015

Chari, V.V., (2004), Discussion of growth and foreign direct investment: Does policy play a role? American Agricultural Economics association, 802-804

Chen, G., Geiger, M, and Fu, M, (2015), Manufacturing FDI in Sub-Saharan Africa: Trends, Determinants, and Impact. World Bank Group, <http://www.worldbank.org>, accessed on 27 July 2015

Cheung, K. and Lin, P., (2004), Spillover effects of FDI on innovation in China: Evidence from the provincial data. Science Direct, China Economic Review 15 (2004) 25-44. <http://down.cenet.org.cn/upfile/56/200741293956148.pdf>, accessed on 8 July 2015

Clark, S., W., (2000), Tax Incentives for Foreign Direct Investment: Empirical Evidence on Effects and Alternative Policy Options. Canadian Tax Journal, Vol. 48, No. 4, pp 1139-1180.

Cleeve, E., (2009), The eclectic paradigm and foreign direct investment in sub-Saharan Africa. Repositioning African Business and Development for the 21st Century. Proceedings of the 10 annual conference. Manchester University, UK.

Cotton, L., Ramachandran, V., (2001), Foreign Direct Investment in Emerging Economies: Lessons from Sub-Saharan Africa. Discussion Paper No. 2001/82, World Institute for Development Economics Research (WIDER), United Nations University. <file:///D:/My%20Documents/Downloads/54a6972c0cf267bdb909d4e4.pdf>, accessed on 21 July 2015

Cotula, L., and Vermeulen, S., (2009), Deal or no deal: the outlook for agricultural land investment in Africa. The Royal Institute of International Affairs 85:6, 1233-1247

Cotula, L., (2012), The international political economy of the global land rush: A critical appraisal of trends, scale, geography and drivers. The Journal of Peasant Studies 39:3-4, 649-680.

Cotula, L., Vermeulen, S., Leonard, R. and Keeley, J., (2009), Land grab or development opportunity? Agricultural investment and international land deals in Africa, IIED/FAO/IFAD, London/Rome. ISBN: 978-1-84369-741-1 C

Cox. E., (2010), The Landowner's Guide to Sustainable Farm Leasing. Drake University Agricultural Law Center, USA www.law.drake.edu/agLaw, accessed on 18 May 2015

Cresswell, J.W., (2003), Research Design: Qualitative, Quantitative, and Mixed Methods Approaches. 2nd Edition, London, Sage Publications.

CSA, (2007), Benshanguel-Gumuz Regional State Population Density, Central Statistics Agency, Ethiopia.

Cuffaro, N., and Hallam, D., (2011), "Land Grabbing" in Developing Countries: Foreign Investors, Regulation and Codes of Conduct. Paper presented at the international conference on Global Land Grabbing, 6-8 April 2011, organised by the Land Deals Politics Initiative (LDPI) in collaboration with the Journal of Peasant Studies. <http://www.future-agricultures.org/papers-and-presentations/conference-papers-2/1305-land-grabbing-in-developing-countries-foreign-investors-regulation-and-codes-of-conduct/file>, accessed on 13 November 2015.

Curry, N., (1993), Rural Development in the 1990s – does prospect lie in retrospect? In Rural Development in Ireland: a challenge for the 1990s, Murray, M. & Greer, J. (eds), pp. 21-39, Avebury, Aldershot.

Daude, C., Mazza, J., and Morrison, A., (2003), Core labour standards and foreign direct investment in Latin America and the Caribbean: Does lax enforcement of labour standards attract investors?

http://www.ibrarian.net/navon/paper/CORE_LABOR_STANDARDS_AND_FOREIGN_DIRECT_INVESTMENT.pdf?paperid=1232117, accessed on 22 July 2015.

Davies, R. B. and Vadlamannati, K. C., (2011), A race to the bottom in labour standards? An empirical investigation. <http://www.etsg.org/ETSG2011/Papers/Chaitanya.pdf>, accessed on 22 July 2015.

Demirhan, E., and Masca, M., (2008), Determinants of foreign direct investment flows to developing countries: a cross-sectional analysis. Prague economic papers, Vol. 17, No. 4, University of Economics, Prague 2008, pp.356-369.

Denzin, N.K., and Lincoln, Y.S., (2005), The Sage Handbook of Qualitative Research. Third Edition.

De Schutter, O., (2009), Large-scale land acquisitions and leases: A set of core principles and measures to address the human rights challenge, UN Special Rapporteur on the right to food. United Nations, New York.

De Schutter, O., (2011), How not to think of land-grabbing: three critiques of large-scale investments in farmland, The Journal of Peasants Studies, 38:2, pp 249-279.

Devereux, S., and Sabates-Wheeler, R., (2004), Transformative social protection. Institute of Development Studies (IDS) Working Paper 232. http://www.unicef.org/socialpolicy/files/Transformative_Social_Protection.pdf, accessed on 27 July 2015

De Wit, P., and Verheye, W., (2009), Land Use Planning for Sustainable Development. Land Use, Land Cover and Soil Sciences, Vol. III. <http://www.eolss.net/sample-chapters/c19/E1-05-03-01.pdf>, accessed on 26 July 2015

Djire, M., Keita, A., and Diawara, A., (2012), Agricultural investments and land acquisitions in Mali: Context, trends and Case studies. IIED/GERSDA, London/Bamako.

Djurfeldt, A., A., (2012), African re-agrarianization? Accumulation or pro-poor agricultural growth? World Development, Vol. 41, pp. 217-231, Elsevier

Dorward, A., Kydd, J., Morrison, J., & Urey, I., (2003), A policy agenda for pro-poor agricultural growth, World Development Volume 32, No.1, pp. 73-89, Elsevier.

Dunning, J. H., (2000), The eclectic paradigm as an envelope for economic and business theories of MNE activity. International Business Review 9 (2000) 163-190.

http://www.exeter.ac.uk/media/universityofexeter/internationalexeter/documents/iss/Dunning_IBR_2000.pdf, accessed on 10 July 2015.

Dupasquier, C., and Osakwe, P. N., (2006), Foreign Direct Investment in Africa: Performance, challenges, and responsibilities. *Journal of Asian Economics* 17, PP. 241-260.

EAILAA, (2014), Status report on investment projects, Ethiopian Agricultural Investment Land Administration Agency, September 2014.

EAILAA, (2015), Status report on investment projects, Ethiopian Agricultural Investment Land Administration Agency, March 2015.

EC, (2006), Land Use Planning Guidelines, European Commission. http://ec.europa.eu/environment/seveso/pdf/landuseplanning_guidance_en.pdf, accessed on 26 July 2015

EGP, (2016), Ethiopian Economy, Ethiopian Government Portal. <http://www.ethiopia.gov.et/web/Pages/Economy>, accessed on 14 May 2016

Eguren, I. R., (2008), Moving up and down the ladder: Community-based participation in public dialogue and deliberation in Bolivia and Guatemala

Ekonomifakta, (2013), Agricultural toward Industrial. Online accessible: <http://www.ekonomifakta.se/en/Swedish-economic-history/Agricultural-toward-industrial/>, (accessed on 18 August 2013).

Elibariki, M., (2007), “The impact of foreign direct investment on agricultural productivity and poverty reduction in Tanzania”. Kyoto University, Japan. Online accessible: <http://mpa.ub.uni-muenchen.de/3671/> (accessed on 15 October 2011)

Emery, J. T, Spence, M.T, Wells, L.T, & Buehrer, T., (2000), Administrative barriers to foreign investment. Reducing red tape in Africa, Foreign Investment Advisory Service, Occasional Paper, no. 14. The International Finance Corporation and the World Bank. https://openknowledge.worldbank.org/bitstream/handle/10986/15192/multi_page.pdf?sequence=1, accessed on 29 July 2015

ETIA, (2013), An Investment Guide to Ethiopia: Opportunities and Conditions. Ethiopian Investment Agency.

Essays, UK. (November 2013). The National Development Policies of Ethiopia Economics Essay. Retrieved from <http://www.ukessays.com/essays/economics/the-national-development-policies-of-ethiopia-economics-essay.php?cref=1>

Esty, D. and Gentry, B., (1997), Foreign Investment, Globalisation and the Environment. Globalisation and the Environment, OECD, Paris.

ETA, (2015), Distances from the capital city to various regions of Ethiopia, Ethiopian Transport Authority, Addis Ababa, Ethiopia, 2015.

- Ethiopian Treasures, (2015), The Derg (1974-1991), <http://www.ethiopiantreasures.co.uk/pages/derg.htm>, accessed on 13 September 2015.
- Ethiopian Demography and Health, (nd) <http://www.ethiodemographyandhealth.org/Benishangul.html>, accessed on 20 May 2015.
- Ethiopian Demography and Health, (2008), Population density of Gambella, <http://www.ethiodemographyandhealth.org/Gambella.html>, accessed on 28 May 2015.
- Fan, E. X., (2002), Technological Spillovers from Foreign Direct Investment – A Survey. ERD Working Paper Series No. 33, Economic and Research Department. Asian Development Bank, ISSN 1655-5252. <http://www.adb.org/sites/default/files/publication/28326/wp033.pdf>, accessed on 8 July 2015.
- FAO, (1993), The state of food and agriculture - Ethiopia. Economic and Social Development Department.
- FAO, (1993), Land use planning guidelines. <https://www.mpl.ird.fr/crea/taller-colombia/FAO/AGLL/pdfdocs/guidelup.pdf>, accessed on 26 July 2015.
- FAO, (1995), Environmental impact assessment of irrigation and drainage projects. FAO irrigation and drainage paper 53. ftp://ftp.fao.org/agl/aglw/Morini/05_EIA.pdf, accessed on 25 July 2015.
- FAO, (2001), Agricultural Investment & Productivity in Developing Countries. Economic and Social Development Department. Rome, Food and Agriculture Organization of the United Nations. <http://www.fao.org/docrep/003/x9447e/x9447e03.htm#TopOfPage>, accessed on 3 November 2011.
- FAO, (2004), FAO Land Tenure Notes: Leasing Agricultural Land, Rome, Italy. <http://www.fao.org/3/a-y5513e.pdf>, accessed on 18 May 2015.
- FAO, (2009), Foreign direct investment: Win-Win or Land Grab? Policy brief, World summit on Food Security, Rome 16-18 November 2009
- FAO, (2012), Voluntary guidelines on the responsible governance of tenure of land, fisheries and forests in the context of national food security. Food and Agriculture Organization of the United Nations, Rome, 2012.
- Financial Times, (2008), Daewoo to cultivate Madagascar land for free. November 19, 2008.
- Fiszbein, A., (1997), The emergence of local capacity: Lessons from Colombia. World Development, Vol. 25, No. 7, pp. 1029-1043
- Foster, V., and Morella, E., (2011), Ethiopia's Infrastructure, A Continental Perspective. Policy Research Working Paper. WPS5595. The World Bank, African Region, Sustainable Development Department. http://www-wds.worldbank.org/external/default/WDSPContentServer/WDSP/IB/2011/03/17/000158349_20110317130811/Rendered/PDF/WPS5595.pdf, accessed on 21 July 2015

GAO, (1990), Report on the furniture finishing industry. Government Accountability Office, Washington DC

Geda, A., (2006), The Political Economy of Growth in Ethiopia, Chapter 4, Vol. 2. http://alemayehu.com/AA%20Recent%20Publication/Growth_CambChap_Sept2006.pdf, accessed on 15 September 2015.

Gentry, B. (1999), Foreign Direct Investment and the Environment: Boon or Bane?, Background Paper for the OECD Conference on Foreign Direct investment and the Environment

Gerlach, A. C., Liu, P., (2010), Resource-seeking foreign direct investment in African agriculture: A review of country case studies. Rome, Food and Agriculture Organization of the United Nations.

Gish, S., Thay, W., and Latif, Z., A., (2007), Cultures of the world: Ethiopia. Second edition.

GIZ, (2012), Land Use Planning: Concepts, tools and applications. <http://www.giz.de/expertise/downloads/Fachexpertise/giz2012-en-land-use-planning-manual.pdf>, accessed on 24 July 2015

Global Policy Forum, (2012), The 21st Century African Land Rush. Social and Economic Policy/Hunger. <http://www.globalpolicy.org/component/content/article/217-hunger/51289-the-21st-century-african-land-rush.html>, (accessed on 4 February 2013).

Globerman, S., and Chen, Z., (2010), Best Policy Practices for Promoting Inward and Outward Foreign Direct Investment. Trade, Investment Policy and International Cooperation. The Conference Board of Canada. Report October 2010.

Gordon, K., and Pohl, J., (2010), Freedom of investment process: Responsible investment in Agriculture. 12th OECD Roundtable on Freedom of Investment. Paris, Organization for Economic Co-operation and Development (OECD). Online accessible: <http://www.oecd.org/daf/investment> (accessed on 14 June 2012).

Görge, M., Rudloff, B., Simons, J., Üllenberg, A., Vöth, S., and Wimmer, L., (2009), Foreign Direct Investment in Land in developing countries. Division 45, Agriculture, Fisheries and Food. Eschborn (December 2009), GTZ, Federal Ministry for Economic Cooperation and Development.

Gow, H., R., Streeter, D., H., & Swinnen, J. F. M., (2000), How private contract enforcement mechanisms can succeed where public institution fail: the case of Juhocukora.s., Agricultural Economics 23, pp. 253-265.

Graymore, D., (2003), Corporate social responsibility and FDI. UNCTAD/ITE/IIA/2003/4, Part III – Corporate Social Responsibility. PP.173-185.

Grimm, M., Klasen, S., & McKay, A., (2007), Determinants of pro-poor growth: Analytical issues and findings from country cases.

Groh, A., P., and Wich, M., (2009), A composite measure to determine a host country's attractiveness for foreign direct investment. IESE Business School, University of Navarra. Working Paper, WP-833, November 2009.

Guba, E., & Lincoln, Y. (1981). Effective evaluation. San Francisco: Jossey-Bass.

Haaland, J., I., and Wooton, I., (1999), International Competition for Multinational Investment. Scandinavian Journal of Economics 101(4), pp. 631-649

Hailu, Z., A., (2010), Impact of Foreign Direct investment on Trade of African Countries. International Journal of Economics and Finance, Vol.2, No.3, PP. 122-133, August 2010 <http://www.ccsenet.org/journal/index.php/ijef/article/viewFile/5393/5340>, accessed on 21 July 2015

Hallam, D., (2009), Foreign investment in developing country agriculture – Issues, policy implications and international response. Global Forum VIII on International Investment. Paris, Organization for Economic Co-operation and Development (OECD).

Hamel, J. (1993). Case Study methods. Qualitative Research Methods. Vol. 32. Thousand Oaks, CA: Sage.

Hanstad, T., Nielsen, R., and Brown, J., (2004)., "Lands and Livelihoods: Making Land Rights Real for India's Rural Poor," FAO Livelihoods System programme Paper (Rome, Italy, FAO, 2004)

Gazdar, H., and Quan, J., (2004), "Poverty and Access to Land in South Asia" (DFID, 2004)

Healy, M., and Perry, C., (2000), Comprehensive criteria to judge validity and reliability of qualitative research within the realism paradigm. An international journal, vol. 3, pp. 118-126. Available: <http://www.emerald-library.com> (accessed on 11 June 2012).

Henley-Putnam University, (2011), Cultivate critical thinking skills: Traditional terrorism studies & online terrorism studies, <http://www.henley-putnam.edu/articles/traditional-terrorism-studies-and-online.aspx>, (accessed on 2 November 2012)

Henze, P. B., (2000), Layers of time: A history of Ethiopia.

HoA-REC/N, (2012), Sustainable Development of the Gambella and Rift Valley Landscapes, Horn of Africa Regional Environment Centre and Network.

Hough, J., and Neuland, E. W., (2000), Global Business Environments and Strategies. Managing for Global Competitive Advantage. 1st Edition, Oxford University Press Southern Africa, Cape Town.

IEG, (1962), Second five year development plan 1963-67, Imperial Ethiopian Government, Addis Ababa, October 1962.

IndexMundi, (2016), Ethiopia – Foreign direct investment.

<http://www.indexmundi.com/facts/ethiopia/foreign-direct-investment>, accessed on 21 May 2016.

IOM, (2014), Impact of Private Investment on Natural Disasters in Gambella Region of Ethiopia

Ireland's Department of Jobs, Enterprise and Innovation, (2014), Policy Statement on Foreign Direct Investment in Ireland.

http://www.djei.ie/publications/enterprise/2014/Policy_Statement_FDI_Ireland_July_2014.pdf, accessed on 8 July 2015.

Irvin, R., A., & Stansbury, J., (2004), Citizen participation in decision making: Is it worth the effort? Public Administration Review, Vol. 64, No. 1

Janicki, H. P., and Wunnava, P. V., (2004), Determinants of foreign direct investment: Empirical evidence from EU accession candidates. Applied Economics, 2004, 36, PP. 505-509.

Javorcik, B., S., and Spatareanu, M., (2005), Do foreign investors care about labour market regulations? World Bank.

<http://andromeda.rutgers.edu/~marianas/publications/Do%20Foreign%20Investors%20Care%20about%20Labor%20Market%20Regulations.pdf>, accessed on 22 July 2015

Jenkin, S., (2011), Foreign Investment in Agriculture: A Medium-Term Perspective in Zambia, 4th European Conference on African Studies, Uppsala, 15-18 June 2011

Jha, V., Markandya, A., and Vossenaar, R., (1999). Reconciling trade and the environment: Lessons from case studies in developing countries, Cheltenham, UK, Edward Elgar Publishing Ltd.

Jimenez, A., (2011), Political Risk as Determinant of Southern European FDI in Neighbouring Developing Countries. Emerging Markets Finance & Trade, Vol. 47, No. 4, pp. 59-74.

Kakwani, N., and Pernia, E., M., (2000), What is pro-poor growth? Asian Development Bank, Studies of Asian and Pacific Economic Issues, Vol. 18, No. 1, pp. 1-16.

Karlsson, J., (2012), What have different actors done to increase the benefits of commercial agriculture investments for poor people? <http://sidaenvironmenthelpdesk.se/wordpress3/wp-content/uploads/2013/04/Increased-benefits-of-commercial-agriculture-investments-for-poor-people1.pdf>, accessed on 19 July 2015

Kefale, A., (2009), Federalism and ethnic conflict in Ethiopia: A comparative regional study, Routledge Series in Federal Studies

Kikula, I.A., Kauzeni, A.S., Mohamed, S.A., and Lyimo, J.G., (1993), Land Use Planning and Resource Assessment in Tanzania: A Case Study. IIED Environmental Planning Issues No. 3, IRA Research Paper No. 35. <http://pubs.iied.org/pdfs/7751IIED.pdf>, accessed on 26 July 2015

Killing, J. P., (1983), Strategies for joint venture success. Routledge, Vol. 22, New York.

Kim, A. M., (2011)., "The Impact of Foreign Direct Investments (FDIs) on Economic Growth

and Development in Kenya.” University of Nairobi.

http://www.aibuma.org/proceedings2011/aibuma2011_submission_7.pdf, (Accessed on 3 November 2011).

Kim, K. R., (2003), South Korea’s inward foreign direct investment: Policy and Environment. Recalibrating the U.S. – Republic of Korea Alliance. Chapter 11, pp 207-220.

Klapisis, A., (2014), Economic crisis and political extremism in Europe: from the 1930s to the present. Wilfred Martens Centre for European Studies 2014, <http://www.academia.edu>, accessed on 16 September 2015.

Klavens, J., and Zamparutti, A., (1995), Foreign Direct Investment and Environment in Central and Eastern Europe: a Survey. World Bank, Washington, D.C.

Kokko, A., (2003), Globalization and FDI Policies. The Development Dimension of FDI: Policy and Rule-Making Perspectives. Proceedings of the Expert Meeting held in Geneva. UNCTAD/ITE/IIA/2003/4

Krauss, S., E., (2005), Research Paradigms and Meaning Making: A Primer. The Qualitative Report, Volume 10, 758-770. <http://www.nova.edu/ssss/QR10-4/krauss.pdf>, (accessed on 30 May 2012).

Krueger, J., Gebru, A. K., and Asnake, I., (2012), Environmental Permitting in Ethiopia: No Restraint on “Unstoppable Growth?” Haramaya Law Review, Vo. 1:1, PP. 73-102.

Kucera, D., (2001), The effects of core workers’ rights on labour costs and foreign direct investment: Evaluating the “conventional wisdom”. Discussion Paper, International Institute for Labour Studies. http://natlex.ilo.ch/wcmsp5/groups/public/---dgreports/---inst/documents/publication/wcms_193670.pdf, accessed on 22 July 2015.

Kuma, T., (2003), Private investment in commercial agriculture in Ethiopia: Opportunities and constraints. The paper is prepared for the Ethiopian Development Research Institute/International Food Policy Research Institute forum on “The State of Food Security and Agricultural marketing in Ethiopia”.

Kumar, N., (2003), Use and effectiveness of performance requirements: What can be learnt from the experiences of developed and developing countries? The Development Dimension of FDI: Policy and Rule-Making Perspectives. Proceedings of the Expert Meeting held in Geneva. UNCTAD/ITE/IIA/2003/4

Lall, S., (2000), FDI and Development: Research Issues in the Emerging Context. Policy Discussion Paper No. 0020, Centre for International Economic Studies, University of Adelaide.

Land for Good, (2012), A Landowner’s Guide to Leasing Land for Farming. The Land Access Project, Land for Good Organisation, www.landforgood.org, accessed on 18 May 2015

Lavers, T., (2012), ‘Land grab’ as development strategy? The political economy of agricultural investment in Ethiopia. The Journal of Peasant Studies, 39:1, 105-132.

Leykun, M., (2013), Ethiopian Privatization Agency to transfer 20 state owned enterprises, Fortune Report, 26 August 2013.

Lipsey, R., E., (1999), The Role of Direct Investment in International Capital Flows, M. Feldstein, ed. Chicago: University of Chicago Press, 1999.

Liu, P., (2004), Impacts of Foreign Agricultural Investment on Developing Countries: Evidence from Case Studies. FAO Commodity and Trade Policy Research Working Paper No. 47.

Lobao, L., & Meyer, K., (2001), The great agricultural transition, change, and social consequences of twentieth century US farming. Annual Review of Sociology, Vol. 27, pp. 103-124, Annual Reviews.

Lobao, L., & Stofferahn, C. W., (2008), The community effects of industrialized farming: Social science research and challenges to corporate farming laws. Agriculture and Human Values, 25, pp. 219-240.

Loewendahl, H., (2001), A framework for FDI promotion. Transnational Corporation. Vol. 10, no. 1 (April 2001) <http://www.investmentmap.org/docs/fdi-2547.pdf>, accessed on 29 July 2015

Lohani, B. N; Evans, J. W.; Everitt, R. R.; Ludwig, H. L.; Carpenter, R. A.; and Tu, S. L., (1997), Environmental Impact Assessment for Developing Countries in Asia, Volume I – Overview. <http://www.adb.org/sites/default/files/publication/29779/eia-developing-countries-asia.pdf>, accessed on 25 July 2015

Loree, D. W., and Guisinger, S. E., (1995), Policy and Non-Policy Determinants of U.S. Equity Foreign Direct Investment. Journal of International Business Studies, Vol. 26, No. 2 (2ndQtr., 1995), PP. 281-299

Lu, H., and Huang, H., (2008). Dirty Industry Migration Globally and to China – an empirical study. International Review of Business Research Papers, Vol. 4, No. 2, PP. 176-202. <http://www.bizresearchpapers.com/Paper-13.pdf>, accessed on 26 July 2015

Luo, Y., (2002), Contract, cooperation, and performance in international joint ventures. Strategic Management Journal, 23: pp. 903-919

Lv, L., Wen, S., and Xiong, Q., (2010), Determinants and performance index of foreign direct investment in china's agriculture, China Agricultural Economic Review 2.1, 36-48

Lyakurwa, W., (2009), Prospects for economic governance: Resilient pro-poor growth. Foresight, Vol. 11 NO. 4 2009, pp. 66-81, Emerald Group Publishing Limited

Mabesa, M., & Whittal, J., (2011), Analysis of the current cadastral system in Lesotho using Viable Systems Modeling (VSM). University of Cape Town. AfricaGEO 2011. Online accessible: http://africageodownloads.info/6a_096_%20mabesa_whittal.pdf, (accessed on 20 September 2012).

Mabey, N., and McNally, R., (1999), Foreign direct investment and the environment: from pollution havens to sustainable development. WWF-UK. <http://www.oecd.org/investment/mne/2089912.pdf>, accessed on 26 July 2015

Majeed, M., T., and Ahmad, E., (2008), Human capital development and FDI in developing countries. *Journal of Economic Cooperation*, 29,3(2008), PP 79-104

Majumdar, D., (2006), Collaboration among government agencies with special reference to New Zealand: A literature review. *Social Policy Journal of New Zealand*, Issue 27, pp. 183-198

Masaba, C. M., Verkuijl, H., Ba, I., Marini, A., Serpagli, A., Liversage, H., & Jonckheere, S., (2013), Securing livelihoods, land and natural resource rights through inclusive business models: Lessons from Uganda and Mali, Annual World Bank Conference on land and Poverty, World Bank – Washington DC, 8-11 April 2013

Meijers, E., & Stead, D., (2004), Policy integration: What does it mean and how can it be achieved? A multi-disciplinary review. Paper presented at the 2004 Berlin Conference on the Human Dimensions of the Global Environmental Change: Greening of policies - Interlinkages and policy integration” December 3-4, 2004

Mengistu, B., and Adams, S., (2007), Foreign Direct Investment, Governance and Economic Development in Developing Countries. *Journal of Social, Political and Economic Studies*, 32(2), pp. 223-249.

Metcalf, S., and Kepe, T., (2008), Dealing land in the midst of poverty: Commercial Access to communal land in Zambia. *African and Asian Studies* 7, 235-257.

MoFED, UNDP, and UNCDF, (2007), Emerging Regions Development Programme in Ethiopia 2007 – 2011, MoFED 2007, Addis Ababa, Ethiopia

Moline, D. J., (1993), A Comment on Whether Maquiladoras are in Mexico for Low Wages or to Avoid Pollution Abatement Costs. *Journal of Environment and Development*, 2(1), PP. 221-241.

Moosa, I. A., (2002), Foreign Direct Investment: Theory, Evidence and Practice. Palgrave Macmillan, Jan 30, 2002

Moreda, T., (2013), Postponed local concerns: Implication of Land Acquisitions for Indigenous Local Communities in Benshanguel-Gumuz Regional State, Ethiopia. *Land Deals Politics Initiatives*

Musila, J. W., and Sique, S. P., (2006), Accelerating foreign direct investment flow to Africa: from policy statements to successful strategies, *Managerial Finance*, Vol. 32 Iss: 7, pp.577 – 593

Mutangadura, G., (2009), A review of social protection experiences in Africa. Draft paper. Save the Children. <http://resourcecentre.savethechildren.sc/authors/mutangadura-g>, accessed on 27 July 2015

Nayak, D., and Choudhury, N. R., (2014). A selective review of foreign direct investment theories. ARTNeT Working Paper Series No. 143, March 2014, Bangkok, ESCAP. <http://www.unescap.org/sites/default/files/AWP%20No.%20143.pdf>, accessed on 1 June 2016

Ndikumana, L., and Verick, S., (2007), The linkages between FDI and Domestic Investment: Unravelling the Developmental Impact of Foreign Investment in Sub-Saharan Africa. University of Massachusetts, Economics Department Working Paper Series. Paper 25. http://scholarworks.umass.edu/econ_workingpaper/25/, accessed on 27 November 2012.

Noorbakhsh, F., Paloni, A., and Youssef, A. (2001), Human capital and FDI inflows to developing countries: New empirical evidence. *World Development*, 29(9), PP 1593-1610.

Nordström, H. and Vaughan, S., (1999), Trade and Environment. Special Studies 4 (Geneva: World Trade Organization). https://www.wto.org/english/res_e/booksp_e/special_study_4_e.pdf, accessed on 26 July 2015

North, D.C., (1990), Institutions, Institutional change and economic performance. Cambridge: Cambridge University Press.

NPC, (2015), The Second Growth and Transformation Plan (GTP II). National Planning Commission, September 2015.

OECD, (2002), Environmental issues in policy-based competition for investment: A literature review. Working party on global and structural policies, Environment Directorate, Environment Policy Committee. [http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?doclanguage=en&cote=env/epoc/gsp\(2001\)11/final](http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?doclanguage=en&cote=env/epoc/gsp(2001)11/final), accessed on 25 July 2015

OECD, (2002), Foreign direct investment for development: Maximising benefits, minimizing costs. Overview. <http://www.oecd.org/investment/investmentfordevelopment/1959815.pdf>, accessed on 22 July 2015

Olney, W. W., (2013), A race to the bottom? Employment protection and foreign direct investment. Department of Economics, Williams College, Williamstown. <http://web.williams.edu/Economics/wp/OlneyEmploymentProtectionAndFDI.pdf>, accessed on 22 July 2015

Oakland Institute, (2011), Why you should care about land grabs. <http://media.oaklandinstitute.org/why-you-should-care-about-land-grabs>, (accessed on 1 November 2011).

Persson, A., (2009), Beyond the rhetoric: Mainstreaming environmental issues into poverty reduction strategies – The case of Ethiopia. Lambert Academic Publishing

Photius (2015), Ethiopia Agriculture, The Library of Congress Country Studies; CIA World Factbook http://www.photius.com/countries/ethiopia/economy/ethiopia_economy_agriculture.html, accessed on 6 October 2015.

Picciotto, S., (1999), Introduction: What rules for the world economy? In S. Picciotto & R. Mayne (eds), *Regulating international business: beyond liberalization*. Macmillan, PP1-28. http://www.palgrave.com/resources/sample-chapters/9780333776773_sample.pdf, accessed on 27 July 2015.

Picciotto, S., (2003), *Corporate social responsibility for international business*. UNCTAD/ITE/IIA/2003/4, Part III – Corporate Social Responsibility. PP.151-172.

PPESA, (2014), *Privatization and Public Enterprises Supervising Agency*, <http://www.ppesa.gov.et/?q=node/4>, Accessed on 16 December 2015.

Popovici, O., C., and Călin, A., C., (2014), FDI theories: A location-based approach. *The Romanian Economic Journal*, Year XVII no. 53, PP. 3-24, September 2014

Rahmato, D., (2011), *Land to Investors: Large-Scale Land Transfers in Ethiopia*. Forum for Social Studies, Addis Ababa.

Re:Common (2015), *Location of Gambella Regional State in Ethiopia*, 5 March 2015. <http://www.recommon.org/etiopia-la-banca-mondiale-si-autoassolve-sul-caso-gambella/>, accessed on 15 July 2015.

Redea, M., (2009), *Employment and Law*. Teaching Material. Justice and Legal System Research Institute. <https://chilot.files.wordpress.com/2011/06/employment-and-labour-law.pdf>, accessed on 22 July 2015

Revesz, R. (1994), *Rehabilitating Interstate Competition: Rethinking the “Race to the Bottom” Rational For Federal Environmental Regulation*”, 67 N.Y.U.L. Rev. 1210.

Robson, C. (1993), *Real world Research: A Resource for Social Scientists and Practitioner - Researchers*. Blackwell Publishing.

Robson, C., (2002), *Real World Research*. Second Edition.

Rodriguez, X. A., and Pallas, J., (2008), *Determinants of Foreign Direct Investment in Spain*. Department of Quantitative Economics, University of Santiago de Compostela, Spain.

Root, E., Ahmed, A. (1979), *Empirical Determinants of Manufacturing: Direct Foreign Investment in Developing Countries*. *Economic Development and Cultural Change*, Vol. 27, No. 44, PP. 751-776.

Roux, L., and Barry, M., (2009), *Paradigms and Cadastral Research*. 7th FIG Regional Conference, *Spatial Data Serving people: Land Governance and the Environment – Building the Capacity*, Hanoi, Vietnam.

Ruffeis, D., Loiskandl, W., Awulachew, S. B., and Boelee, E., (2010), *Evaluation of the environmental policy and impact assessment process in Ethiopia*, *Impact Assessment and Project Appraisal*, 28:1, PP 29-40. <http://dx.doi.org/10.3152/146155110X488844>, accessed on 24 July 2015.

- Ruger, J., P., Jamison, D., T., Bloom, D., E., Canning, D., (2011), Health and the Economy, 3rd Edition, Chapter 15, Global Health: diseases, programs, systems and policies. <file:///D:/My%20Documents/Downloads/SSRN-id1952056.pdf>, accessed on 21 July 2015.
- Rugman, A. M., (2010), Reconciling internalization theory and the eclectic paradigm. *Multinational business review*, 18 (2). PP. 1-12. University of Reading.
- Sanfilippo, M., (2010), Chinese FDI to Africa: What is the Nexus with Foreign Economic Cooperation. *African Development Review*, Vol. 22, No. S1, 599-614.
- Sarna, R., (2005), The impact of core labour standards on foreign direct investment in East Asia. <http://www.jil.go.jp/profile/documents/Sarna.pdf>, accessed on 22 July 2015
- Sass, M., (2003), The effectiveness of host country policy measures in attracting FDI: the case of Hungary. *The Development Dimension of FDI: Policy and Rule-Making Perspectives*. Proceedings of the Expert Meeting held in Geneva. UNCTAD/ITE/IIA/2003/4
- Schüpbach, J. M., (2014), Foreign Direct Investment in Agriculture. The Impact of Out-grower Schemes and Large-Scale Farm Employment on Economic Well-Being in Zambia. PhD Thesis, University of Zurich
- Seyoum, B. (2009). Formal institutions and Foreign Direct Investment. *Thunderbird International Business Review*, 51(2), pp. 165-181.
- Shete, M., (2011), Implications of Land Deals to Livelihood Security and Natural Resource Management in Benshanguel Gumuz Regional State, Ethiopia. Paper presented at the International Conference on Global Land Grabbing 6-8 April 2011.
- Stake, R., E., (2005). Qualitative case studies. In N.K. Denzin & Y.S. Lincoln (Eds.) *The Sage handbook of qualitative research*, third edition, pp. 443-466, Thousand Oaks, CA: Sage.
- Steve, F. (2011). "Africa for Sale – Land and water grabs spell disaster for rural people and river". *International rivers* Vol. 26/No.3 September 2011.
- Storey, D., (1999), Issues of integration, participation and empowerment in rural development: The case of leader in the Republic of Ireland. *Journal of Rural Studies*, Vol. 15. No. 3, pp. 307-315, Elsevier
- Tandon, A., (2005), Population Health and foreign direct investment: Does Poor Health Signal Poor Government effectiveness? Economic and Research Department of Asian Development Bank, Policy Brief, Series No. 33. <http://www.adb.org/sites/default/files/publication/28093/pb033.pdf>, accessed on 21 July 2015
- Taylor, C., T., (2000), The Impact of Host Country Government Policy on US Multinational Investment Decisions. *The World Economy*, Vol. 23, Issue 5, pp 635–647

Tesfaye, M., (2008), Environmental Policy and Laws of Ethiopia and Clean Fuel. <http://www.unep.org/transport/pcfvp/pdf/Ethiopia-EnvironmentalPolicy&CleanFuel.pdf>, accessed on 24 July 2015

Teshome, B. W., Záhořík, J. (2008). Federalism in Africa: The Case of Ethnic-based Federalism in Ethiopia. *International Journal of Human Sciences*.

TeVelde, D. W., (2001), Government policies towards inward foreign direct investment in developing countries: Implications for human capital formation and income inequality. FDI, Human Capital and Education in Developing Countries. Technical Meeting, 13-14 December 2001, Paris, OECD

Thabrew, L., Wiek, A., & Ries, R., (2009), Environmental decision making in multi-stakeholder contexts: applicability of life cycle thinking in development planning and implementation. *Journal of Cleaner Production* 17, pp. 67-76

The Economist, (2013), Labour standards: Racing to the bottom. 27 November 2013. <http://www.economist.com/blogs/freeexchange/2013/11/labour-standards>, accessed on 22 July 2015

Thomsen, S., (2005), Foreign direct investment in Africa: the private-sector response to improved governance. International Economics Programme. Briefing Paper. Chatham House. <http://www.chathamhouse.org/sites/files/chathamhouse/public/Research/International%20Economics/bpafrica-fdi.pdf>, accessed on 24 July 2015

Timmer, C. P., (1988), The agricultural transformation. *Handbook of development economics*, Volume I, Elsevier Science Publishers B.V.

Todaro, M. P., (2000), *Economic Development*. 7th Edition

Tran-Nguyen, A., (2010), Global land grabbing: Issues and Solutions http://www.brotfueralle.ch/fileadmin/deutsch/2_Entwicklungspolitik_allgemein/A_Recht_auf_Nahrung/Global%20land%20grabbing%20by%20ATN.pdf, accessed on 19 July 2015

Trink, M., (2007), The role of investment promotion agencies at attracting foreign direct investment and their impact of economic development in central Europe (The Czech Republic and Slovakia in comparative perspective). <http://diplomovka.sme.sk/zdroj/3122.pdf>, accessed on 29 July 2015

Tsakok, I., (2011), Success in agricultural transformation – what it means and what makes it happen, 1st edition.

Turner, J., W., (1993), Ethiopia: A Country Study, Federal Research Division of the Library of Congress, area handbook series.

TUAC, (1995), Foreign direct investments and labour standards. TUAC discussion paper for consultations with the OECD Committee on International Investment and Multinational

Enterprises, 13 December. Paris: TUAC Archives.
<http://www.tuac.org/en/public/doc/papers/index.phtml>, accessed on 22 July 2015

UN, (2000), UN Emergencies Unit for Ethiopia, Map of regions and zones in Ethiopia as of April 2000, USAID/Ethiopia Map Room United Nations.

UN, (2014), Article on Social Protection Policy of Ethiopia. Delivering as one, One-UN programme of Ethiopia, United Nations. <http://www.unicef.org/ethiopia>, accessed on 27 July 2015

UNCTAD, (1993), World Investment Report 1993, Transnational Corporations and Integrated International Production. http://unctad.org/en/Docs/wir1993_en.pdf, accessed on 26 July 2015

UNCTAD, (2009). “World Investment Report: Transnational Corporations, Agricultural Production and Development”. Geneva, United Nations Conference on Trade & Development (UNCTAD). Online accessible: http://www.unctad.org/en/docs/wir2009_en.pdf, (accessed 3 November 2011)

UNECA, (2006). “Land Policy in Africa: A framework of action to secure land rights, enhance productivity and secure livelihoods”. Issues Paper presented at the consultative workshop in March 2006. <http://www.uneca.org/sdd/meetings/LandPolicy/IssuesPaper.pdf> (accessed on 3 November 2011)

UNEP, (2004), Environmental Impact Assessment and Strategic Environmental Assessment: Towards an Integrated Approach. <http://www.unep.ch/etu/publications/textONUbr.pdf>, accessed on 24 July 2015

Van Beers, C., and Van Den Bergh, J. C., (1997), An Empirical Multi-Country Analysis of the Impact of Environmental Regulations on Foreign Trade Flows. International Review for Social Sciences, Vol.50, KYKLOS, PP 29-46

Warner, M., (1999), Which way now? Choices for mainstreaming ‘public involvement’ in economic infrastructure projects in developing countries. Development Policy Review, Vol. 17, pp 115-139

Wheeler, D., and Mody, A., (1992), International Investment Location Decisions. Journal of International Economics 33 (1992), PP. 57-76.

Whittal, J., (2008), Fiscal Cadastral Systems Reform. A Case Study of the General Valuation Project 2000 in the city of Cape Town. Department of Geomatics. University of Calgary. UCGE Reports Number 20272.
<http://www.geomatics.ucalgary.ca/research/publications/GradTheses.html>, (accessed on 20 September 2012).

WHO, (2001), Macroeconomics and Health: Investing in Health for Economic Development. Commission on Macroeconomics and Health, Geneva, World Health Organization.

WHO, (2003), Administrative map of Ethiopia, WHO Ethiopia Country Office, <http://www.afro.who.int/en/ethiopia/who-country-office-ethiopia.html>, accessed on 15 November 2015.

Williams, T. O., (2012), FDI in agricultural land and investment in small-scale agricultural water management solutions: Incompatible models or a win-win combination for Africa? International Water Management Institute. Water for a food-secure world. Online accessible www.water-energy-food.org/.../nexus_williams_fdi_in_agriculture.pdf, accessed on 29 October 2013.

Williamson, O. E., (1979), Transaction-cost economics: The governance of contractual relations, *Journal of Law and Economics*, Vol. 22, No. 2, pp. 233-261.

World Bank, (2010), Rising Global Interest in Farmland. Can it yield sustainable and equitable Benefits? Report of September 7, 2010.

Worldometers, (2015), Ethiopian Population (1950-2014), the worldometers, <http://www.worldometers.info/world-population/ethiopia-population/>, accessed on 5 October 2015.

Wouterse, F.; Deininger, K.; Selod, H.; Badiane, O.; Swinnen, J.; von Braun, J.; and Zilberman, D., (2011), Foreign Direct Investment in Land in West Africa. The status Quo, Lessons from Other Regions, Implications for Research. IFPRI-West and Central Africa Office Thematic Research Note 01, December 2011.
http://pages.au.int/sites/default/files/IFPRI%20WCAO%20TRN1%20Land%20FDI_0.pdf, accessed on 14 May 2016

Yassin, A., (2014), Transnational Large Scale Agricultural Firms in Gambella Regional State, Ethiopia: Local Potentials, Opportunities and Constraints for Market Linkage and Contractual Farming Schemes. *Future Agricultures*.

Yen, N., T, K, & Luong, P., V., (2008), Participatory village and commune development planning (VDP/CDP) and its contribution to local community development in Vietnam. *Community Development Journal*, Vol. 43, No. 3, pp. 329-340.

Yin, R., K., (1994), *Case Study Research: Design and Methods*, Second Edition, Sage, Thousand Oaks

Yin, R. K., (2003), *Case Study Research: Design and Methods*. Third Edition, Applied Social Research Methods Series, Vol. 5, Sage Publications, P. 13.

Zampini, D., (2008), Developing a balanced framework for foreign direct investment in SADC: a decent work perspective.
http://www.kas.de/upload/auslandshomepages/namibia/MRI2008/MRI2008_05_Zampini.pdf, accessed on 22 July 2015

Zarsky, L., (1999), Havens, Halos and Spaghetti: Untangling the Evidence about FDI and the Environment. *Foreign Direct Investment and the Environment*, OECD, Paris.

Zenawi, M, (2010), Regulation by the Council of Ministers on the Administration of Agricultural Investment Land under the Appointment of Regions, Prime Minister of the Federal Democratic Republic of Ethiopia, March 5, 2010, Addis Ababa.

Policies and Strategies

MoI, (1964), Agriculture in Ethiopia, Book II. Publications and Foreign Languages Press Department, The Imperial Ethiopian Government, 1964, Addis Ababa, Ethiopia.

MoI, (1941), Development in Ethiopia 1941-1964, Ministry of Information, The Imperial Ethiopian Government, 1941, Addis Ababa, Ethiopia.

MoI, (1964), Development in Ethiopia 1941-1964, Ministry of Information, The Imperial Ethiopian Government, 1964, Addis Ababa, Ethiopia.

MoI, (1973), Ethiopia Today: Investment Opportunities, Ministry of Information, July 1973, Addis Ababa

EPA, (1997), Environmental Policy, Federal Democratic Republic of Ethiopia, Environmental Protection Authority, Addis Ababa, Ethiopia

EPA, (2011), Ethiopia's climate Resilient Green Economy Strategy, Federal Democratic Republic of Ethiopia, Environmental Protection Authority, Addis Ababa, Ethiopia

MoE, (1994), Education and Training Policy, Federal Democratic Republic Government of Ethiopia, Ministry of Education, Addis Ababa, April 1994

MoE, (2008), National Adult Education Strategy, Federal Democratic Republic Government of Ethiopia, Ministry of Education, Addis Ababa, February 2008

MoH, (1993), Health Policy and Strategies, Transitional Government of Ethiopia, Ministry of Health, Addis Ababa, September 1993

MoFED, (2003), Rural Development Policy and Strategies. Government of the Federal Democratic Republic of Ethiopia, Ministry of Finance and Economic Development, Economic Policy and Planning Department, Addis Ababa, April 2003

MoFED, (2010), Growth and Transformation Plan, Government of the Federal Democratic Republic of Ethiopia, Ministry of Finance and Economic Development, Addis Ababa, September 2010.

MoLSA, (2012), National Social Protection Policy of Ethiopia, Final draft, Ministry of Labour and Social Affairs, 26 March 2012

Proclamations

Declaration on Economic Policy of Socialist Ethiopia, (1975), Addis Ababa, February 7, 1975.

Environmental Impact Assessment Proclamation No. 299/2002, Federal Negarit Gazette, 9th Year, No. 11, Addis Ababa, 3rd December 2002.

Environmental Pollution Control Proclamation No. 300/2002, Federal Negarit Gazette, 9th Year, No. 12, Addis Ababa, 3rd December 2002.

Expropriation of Landholdings for Public Purposes and Payment of Compensation Proclamation No. 455/2005, Federal NegaritGazeta, 11th Year No. 43, 15th July 2005

Investment Proclamation No. 769/2012, Federal Negarit Gazette, 18th Year, No.63, Addis Ababa, 17th September 2012

Investment Proclamation No. 242/1966, Negarit Gazette, Addis Ababa, 1966.

Labour Proclamation No. 377/2003, Federal Negarit Gazette, 10th Year, No. 12, Addis Ababa, 26th February 2004

Labour Proclamations No.466/2005, Federal Negarit Gazette, 11th Year, No. 56, Addis Ababa, 30th June 2005

Labour Proclamation No. 494/2006, Federal Negarit Gazette, 12th Year, No. 30, Addis Ababa, 29th June 2006

Personal and Business Tax Proclamation No. 107/1949, Negarit Gazette, Addis Ababa, 1949.

Proclamation No. 140/1954 to amend the personal and business tax proclamation no. 107/1949, Negarit Gazette, 14th Year No. 1, Addis Ababa, 20th September 1954.

Proclamation No. 26/1975 for the ownership and control by the government of the means of production, Negarit Gazette, 34th year, No. 22, Addis Ababa, 11th March 1975

Proclamation No. 31/1975 for the public ownership of rural lands, Negarit Gazette, 9th April 1975, Addis Ababa, The Provisional Military Administration Council.

Proclamation No. 47 of 1975 for government ownership of urban lands and extra urban houses, Negarit Gazette, 26th July 1975, Addis Ababa, The Provisional Military Administration Council.

Proclamation No. 269/2012 for the establishment of the Ethiopian Investment Agency, Federal Negarit Gazette, 19th Year, No. 2, Addis Ababa, 23rd November 2012

Proclamation No.803/2013 for the establishment of the Ministry of Environment and Forest, Federal Negarit Gazette, 19th Year, No. 61, Addis Ababa, 29 July 2013

Proclamation No. 313/2014 for the establishment of the Ethiopian Investment Commission, Federal Negarit Gazette, 20th Year, No. 63, Addis Ababa, 14th August 2014

Proclamation No. 283/2013 for the establishment of the Ethiopian Agricultural Investment Land Administration Agency, Federal Negarit Gazette, 19th Year, No. 32, Addis Ababa, 4th March 2013

Proclamation No.7/1992 for the establishment of National/Regional Self-government, NegaritGazeta, 51st Year, No.2,1992a, Transitional Government of Ethiopia, Addis Ababa

Proclamation of the Constitution of the Federal Democratic Republic of Ethiopia No.1/1995 – Federal Nagarit Gazette, 1st Year, No. 1, Addis Ababa, 21st August 1995

Regulations No. 10/1990 for the participation of foreign investors. Negarit Gazette, 49th year, No. 23, Council of Ministers, Addis Ababa, 4th September, 1990

Regulations for the Establishment of Agricultural Development Corporations, Negarit Gazette, No. 21, Addis Ababa, 20th February 1976; Negarit Gazette, No. 27, Addis Ababa, 23rd March 1976.

Rural Land Administration and Use Proclamation No. 456/2005, Federal Negarit Gazette, 11th Year, No.44, Addis Ababa, 15th July 2005.

Special Decree No. 17/1990 on Investment, Negarit Gazette, 49th year, No. 12, Council of State, Addis Ababa, 19th May, 1990

Solid Waste Management Proclamation No. 513/2007, Federal Negarit Gazette, 13 Year No. 13, Addis Ababa, 12th February 2007

Appendices

Appendix 1: Ethics Forms

EBE Faculty: Assessment of Ethics in Research Projects (Rev2)

Any person planning to undertake research in the Faculty of Engineering and the Built Environment at the University of Cape Town is required to complete this form before collecting or analysing data. When completed it should be submitted to the supervisor (where applicable) and from there to the Head of Department. If any of the questions below have been answered YES, and the applicant is NOT a fourth year student, the Head should forward this form for approval by the Faculty EIR committee: submit to Ms Zulpha Geyer (Zulpha.Geyer@uct.ac.za; Chem Eng Building, Ph 021 650 4791).
NB: A copy of this signed form must be included with the thesis/dissertation/report when it is submitted for examination

This form must only be completed once the most recent revision EBE EIR Handbook has been read.

Name of Principal Researcher/Student: Atkeyelsh Persson Department: Geomatics

Preferred email address of the applicant: PRSATK001@myuct.ac.za

If a Student: Degree: PhD Supervisor: Assoc. prof. Jennifer Whittal

If a Research Contract indicate source of funding/sponsorship:

Research Project Title: **Foreign Direct Investments in Agricultural Lands: The Policy Environment & Its Implications in Ethiopia**

Overview of ethics issues in your research project:

Question 1: Is there a possibility that your research could cause harm to a third party (i.e. a person not involved in your project)? NO	YES	<input checked="" type="radio"/> NO
Question 2: Is your research making use of human subjects as sources of data? If your answer is YES, please complete Addendum 2. YES	<input checked="" type="radio"/> YES	NO
Question 3: Does your research involve the participation of or provision of services to communities? If your answer is YES, please complete Addendum 3. YES	<input checked="" type="radio"/> YES	NO
Question 4: If your research is sponsored, is there any potential for conflicts of interest? If your answer is YES, please complete Addendum 4. no	YES	<input checked="" type="radio"/> NO

If you have answered YES to any of the above questions, please append a copy of your research proposal, as well as any interview schedules or questionnaires (Addendum 1) and please complete further addenda as appropriate. Ensure that you refer to the EIR Handbook to assist you in completing the documentation requirements for this form.

I hereby undertake to carry out my research in such a way that

- there is no apparent legal objection to the nature or the method of research; and
- the research will not compromise staff or students or the other responsibilities of the University;
- the stated objective will be achieved, and the findings will have a high degree of validity;
- limitations and alternative interpretations will be considered;
- the findings could be subject to peer review and publicly available; and
- I will comply with the conventions of copyright and avoid any practice that would constitute plagiarism.

Signed by:

	Full name and signature	Date
Principal Researcher/Student: Atkeyelsh Persson	A. Persson Signed	05/07/13

This application is approved by:

Supervisor (if applicable): Assoc. Prof. Jennifer Whittal	J.F. WHITTAL Signed	5 July 2013
HOD (or delegated nominee): Final authority for all assessments with NO to all questions and for all undergraduate research.	J. Signed	7/7/2013
Chair: Faculty EIR Committee	RECEIVED	8/8/2013

09 JUL 2013

Appendix 2: Sample Interview Questions – Government at Federal Level

Open Ended Questions

Interview was conducted with ten institutions at Federal level. The open-ended questions were formulated based on their roles. The institutions include:

1. Ethiopian Agricultural Investment Land Administration Agency
2. Ethiopian Investment Agency
3. Ministry of Agriculture
4. Ministry of Environment and Forest
5. Ministry of Labour and Social Affairs
6. Ministry of Finance and Economic Development
7. National Planning Commission
8. Development Bank of Ethiopia
9. Commercial Bank of Ethiopia
10. Confederation of Ethiopian Trade Union

A. Ethiopian Agricultural Investment Land Administration Agency (EAILA)

General Questions

1. Investment projects that are above 5000 ha are administered by your office. What does this mean when it comes to projects less than 5000 ha with regard to environmental performance assessment?
2. What processes have been used to identify lands for massive agricultural investments? What is your specific role in relation to the protection of the environment?
3. The lands that are leased to Saudi Star, Kauturi, BHO, Ruchi, Toren and Shaporji, were they wastelands as claimed by the government, or occupied by people or was it forestlands?
4. What mechanism is there to monitor and evaluate the investment's environmental performance in terms of agro-chemical such as pesticides and fertilizers use, and excessive water use for large-scale irrigation?

Contractual agreements of Saudi Star, Karuturi, BHO, Ruchi, Toren and Shaporji

5. The various articles of the contractual agreements of the case studies were discussed. Questions in which clarification was sought are the following articles:
Article 2 – Period of the land lease and payment rate of the land lease
Article 4 – Obligations of lessee
Article 5 – Right of the lessor
Article 6 – Obligations of the lessors
6. Are there agricultural investment projects that can be mentioned as a success story?

Environmental Impact Assessment Proclamation #299/2002-

7. **Article 10 – Validity of Approved Environmental Impact Study Report** - Sub-article 1 of this article stipulates that *“the authorization of an environmental impact study report shall expire if the project has not been implemented according to the time frame set during its authorization”*.
 - What is the time frame given to EIA report of Saudi Star, BHO, Ruchi, Toren, Shaporji&Karaturi?
 - Have all projects started according to the time frame? If not, what has been done to that effect?
 - Who is monitoring the implementation of the risk mitigation measures identified in the report?
 - Has it been implemented based on the time frame set in the EIA report?
8. **Article 14 – Jurisdiction, under this article, sub-article 1:** *“the Environmental Authority shall be responsible for the evaluation of an environmental impact study report and the monitoring of its implementation”*
 - What is the role of Agriculture investment and land administration Agency when it comes to EIA reports evaluation and monitoring of environmental performance?

- What mechanism do you have to timely exchange information among the different government offices in order to avoid duplication as well as create synergy

Agricultural Investment Environmental Management Code of Practice for Sustainable Agriculture

9. This code of conduct sets-out the requirements and minimum compliance for key environmental concern of agricultural activities. It includes fertilizer storage, agrochemical product register, pesticide transport & storage, measuring and mixing of chemicals, spraying schedules of pesticides, spraying equipment and spraying practices, waste management, farm site risk assessment, water use, farm site mapping, crop hygiene and crop scouting, proper agriculture investment land utilization, soil and water management practices, maintaining flora and fauna/ bio-diversity, maintaining and improving social and cultural aspects of the farming place and the surrounding.
 - How often is the external audit conducted?
 - Is it independent auditor?
 - Is the audit report in the public domain?
 - To what extent this code of practice minimum compliance for key environmental concern of agricultural activities is applied when auditing?
10. Farms are required to conduct a full internal audit periodically to identify areas that need attention. They are required to assist in the organization of the annual external audit. The audit reports will be submitted to Ministry of Agriculture and Rural Development, Environmental Protection Authority as well as other relevant organizations that are authorized to accept or reject the issuance of the certificate of compliance.
 - Do you have the internal and external audit report of Saudi Star, Karuturi, BHO, Ruchi, Toren and Shaporji? If so, can I have a copy of it?
 - Are there cases due to audit findings rejected the issuance of certificate of compliance?

5-year Growth and Transformation Plan (2011-2015)

11. The 5-year growth and transformation plan acknowledges the importance of environmental conservation for sustainable development. It spells-out priority actions with regard to environmental conservation and it includes building a carbon neutral and climate resilient economy and enforcement of existing environmental laws.
 - What actions have been taken so far in environmental conservation vis-à-vis large scale commercial farming?
 - The reporting template of investors merely talks about the company environmental performance. It is only to monitor the progress of activities. It is not designed to identify environmental impact of investment activities and take corrective action in a timely manner. What is your take on this?

Labour proclamation # 377/2003 -

12. **Article 98 – Occupational Disease**⁵⁰ - Under this article, sub articles 3 & 4 respectively state that “*the Minister shall, in consultation with the concerned authority, issue directives which contain schedules listing diseases to be of occupational origin and this schedule shall be revised at least every five years*”, and “*the occurrence of any of the disease listed in the relevant schedule on any worker having been engaged in anyone of the corresponding types of work specified therein, shall by itself, constitute sufficient proof of the occupational origin of the disease*”.
 - The disease that is occupational nature for agricultural workers is cancerogenic which is manifested after long time. By then the employer (FI) has finished his lease period and left the country. What measures are there to this kind of occupational disease which manifest after longtime of the worker exposure?

Final question

13. What is your general opinion between the stated policies/proclamation/regulations and the practice in the ground?
 - What lessons can be drawn from this?

⁵⁰ The term “Occupational Disease” defined by the proclamation as “*any pathological condition caused by physical, chemical or biological agents which arises as consequence of (a) the type of work performed by the worker, (b) the surroundings in which the worker is obliged to work during a certain period prior to the date in which the disease become evident*”.

- What do you suggest as a way forward?
14. What is your general opinion in the impact of the agricultural investment to date?
- What lessons can be drawn from this experience?
 - What do you suggest as a way forward?
-

B. Ethiopian Investment Agency

General Question

1. How did you identify the foreign investors in general, and in agricultural land in particular? What mechanism has been used to promote foreign investments in agricultural lands in Ethiopia? What medium has been used to announce/express interest in inward foreign investment?
2. What criteria have been set to evaluate investor application for leasing agricultural land in terms of (i) company's reputation for social and environmental responsibility; (ii) company's ability in managing and using effectively the massive agricultural lands to which it is granted access and control over? (RQs 5, 6, 7.1, 7.3 & 7.4)
3. Are there different criteria for different agricultural products – eg. Food crops vs bio-fuel crops? If so, could you please tell us (i) the criteria for food crops; and (ii) the criteria for bio-fuels?
4. Did the foreign investors contribute to increasing the productivity of agricultural sector and the product quality in Ethiopia? If so, how? For example, (a) provision of better access to agricultural inputs such as seeds, fertilizer and capital; (b) applying technologies that raise yields and reduce post-harvest losses; & (c) educating employees and farmers to use the technology effectively. Has Ethiopia increased agricultural exports due to increasing overall productivity and product quality? If yes, can you give us statistics for the past five years?
5. What social benefit did the local get in terms of improved infrastructure such as building roads, communication, running water, electricity, schools, health center?

Investment Proclamation No. 769/2012 –

6. **Article 4 – Jurisdiction**, under this article, sub-article 1 (a) *states that “the administration of wholly foreign owned investment shall be under the jurisdiction of the Ethiopian Investment Agency”*. This is related to article 16 of Rural Land Administration and Use Proclamation No. 456/2005 where MoARD responsibility defined for Rural Land Administration and Use, especially provision of necessary professional support and coordination of the competent authorities, including Investment Agency, to implement the proclamation.
 - Are you receiving the required professional support from MoRAD to enable you administering foreign owned investments? If so, what kinds of support did/do you get? Is there example of a project/s where you received the described support? What are the mechanisms used to facilitate this support?
7. **Article 5 – Investment Objectives**, under this article, there are 8 specific investment objectives and one of them is “to create ample employment opportunities for Ethiopians and to advance the transfer of technology required for the development of the country”.

Article 37 – specifies the conditions for the employment of expatriates by foreign investors including the replacement of such employ by Ethiopian within a limited period.

 - Is there a mechanism to facilitate for foreign workers to share their know-how including skills with Ethiopians so that they can be replaced? How do you ensure such facilitation is taking place within limited time? Do you have example of this?
 - Are there jobs that are exclusively Ethiopians? If so, what kinds of jobs.
8. **Article 11 – Minimum Capital Requirements for Foreign Investors**, under this article, sub-article 1 states that *“any foreign investor, to be allowed to invest pursuant to this proclamation, shall be required to allocate a minimum capital of USD200,000 for a single investment project”*.

To my understanding, a single investment project when it comes to agriculture varies in terms of land size requirement, types of production etc...

 - How come they pay the same amount?
 - What does capital mean in terms of this article?
9. **Article 16 – Issuance of Investment Permit** – the responsibility to issue investment permit falls under Investment Agency while the administration and use of rural land responsibility falls under MoARD. In order to issue the

permit there are criteria that need to be fulfilled in by the investor. The criteria include EIA report which has to be reviewed and approved by the competent authority in this case MoARD and contractual agreement.

- What mechanism do you use to ensure that these criteria are met?

10. **Article 17 – Renewal of Investment Permit** - Under this article, sub-article 1 states that “*an investment permit shall be renewed every year until the investor commences the marketing of his products or services*”. Sub-article 4 of this article states that “*Notwithstanding the provision of sub-article (1) of this Article, any investor who has not commenced implementing his project within two years since the issuance of the investment permit, shall have his permit cancelled without any preconditions*”.

- Is/are there investor/s who hasn't met this criterion? If so, who is/are the investor/s? what has been done to that effect?
- Do the companies under this research case studies started their project within the specified time and developed 50% (Saudi Star), 20% (S&P) and 100% (Karaturi) of the leased land according to their contractual agreement?

11. **Article 19 – Suspension or Revocation of Investment Permit** - Under this article, sub-article 2 (d) & (e) states that “*the appropriate investment organ may revoke an investment permit where it ascertains that the investor fails to submit progress report of his project for two consecutive periods; or the project cannot commence operation within the period and the Investment Agency believes the project will not be operational*”. Progress report as outlined in article 20 (Duty to report & cooperate) of Investment proclamation no. 769/2012, the investor has the duty to submit progress report on the implementation of his project to the appropriate investment organ.

- Is/are there case/s whereby progress reports weren't submitted for two consecutive periods (i.e. 6 months starting the project) and investment permit revoked?
- Have the case studies submitted their progress reports according to the schedule? If so, can I get a copy of these reports?

The reporting format is just to monitor the progress of the project in terms of the agreed time.

- To what extent the implementation of the mitigation measures stated in the EIA report followed and ensured? Who is following it? Is there periodic report on that? Shouldn't this be captured in the progress report to ensure its implementation?

12. **Article 23 of the Investment Proclamation specifies Investment Incentives.**

- What are the incentives for investors in Agriculture?
- Is there a difference in the incentives between local consumption & export? If so, what is the difference?

13. **Article 26 – Remittance of Funds** - Under this article, sub-article 1 (a), (b) & (c) states that “*any foreigner investor shall have the right, in respect of his approved investment, to make the following remittances out of Ethiopia in convertible foreign currency at the prevailing rate of exchange on the date of remittance: profits and dividends accruing from the investment, principal and interest payments on external loans, and payments related to a technology transfer agreement registered in accordance with Article 21 of this Proclamation*”

- The whole point of encouraging investment especially export oriented investment is to earn foreign currency. If a foreign investor can take out foreign currency obtained in profits, dividends, payments related to technology transfer and to service their external loans, where and how Ethiopia would get its hard currency need and fulfil in the investment objective of increasing and saving foreign exchange earnings?

14. **Article 28 – Powers and Duties of the Investment Agency** -Under this article, the powers and duties of the Investment Agency is spelled-out and include to collect, compile, analyse, update and disseminate any investment related information; and to monitor the implementation of investment projects for which it has issued permits, ensure that the terms of the investment permit are complied with and incentives granted to investors are used for the intended purposes;

- Isn't this duty & responsibility overlapping with MoARD when it comes to investment in agriculture?
- How is this harmonized to avoid duplication of work?

To provide advisory service and technical support which help strengthen regional investment organs, organize joint consultation forums.

- How is the advisory services and technical support given to the regional offices that are engaged in agricultural investment? In other words, in what mode?
15. **Article 38 – Duty to Observe Other Laws and Protection of Environment** -states that “*any investor shall have the obligation to observe the laws of the country in carrying out his investment activities. In particular, he shall give due regard to environmental protection*”.
 - Who is responsible to ensure this? What are the mechanisms?
 16. The investment guide of 2013 affirms the importance of agriculture in Ethiopia’s economy which contributed about 41% of gross domestic products (GDP), 90% of foreign currency earnings and 85% of employment in 2011.
 - Which agricultural Product/s contributed more to foreign currency earnings and employment creation in 2011?
 - Is that a foreign owned investment?
 17. Between 1992-2012, Foreign Direct Investment (FDI) in Ethiopia has increased by about 16% and the significant increase exhibited between 2007-10 (see figure 2 in Investment Guide 2013, Page 6.). The major foreign investors are China, India, Sudan, Germany, Italy, Turkey, Saudi Arabia, Yemen, the United Kingdom, Israel, Canada and the United States.
 - In which sector is the majority of FDI? What trigger for FDI increase b/n 2007-10?
 18. The investment guide 2013 spells-out the different types of agricultural products that are suitable for different Ethiopian regions’ soils and climate as well as the available land for agriculture. It reveals that as at 2013, there are about 11.55 million ha of land available for large-scale plantation to produce agricultural products including jatropha and castor bean for domestic and export markets (see Box III. 1 of investment guide 2013, page 20). The application form for land acquisition is found in the investment guide 2008 – annex 6.
 - How is the process? Eg the investor requests land first and then he/she signs the contract. Who identifies the land in the first place?
 - How the Investment Agency does collaborate with other agencies to check the status of the land? Eg. if the land is reserved for conservation etc... or community’s ritual place
 19. As at June 2013, the land and labour cost of the various regions are listed in the factor costs catalog but the Gambella region is missing.
 - What is the rental price of rural land for Gambella region? Especially for
 - Nuer Zone, Jikao District and Itang Special District
 - Agnuwak Zone, Abobo District,
 - Agnuwak Zone, Goge District
 - Is there an increase since 2009? If so, by how much? Does this increase apply for Gambella and Benshanguel regional states? If so, how much is the difference now and then for:
 - Metekel Zone, Dangur and Guba districts (Benshanguel)?
 - Itang Special, Jikao, Abobo, and Goge Districts (Gambella)?
 20. The range of the labour cost at the private sector in general is:
 - University graduates monthly salary ranges from ETB2,000 – 3,000 (about USD 100 – 150)
 - Unskilled labour daily wages range from ETB40 – 50 (about USD 2 – 2.5)
 - What mechanisms do you have to ensure this rate is respected by companies?
 21. What is your general opinion between the stated policies/proclamation/regulations and the practice in the ground?
 - What lessons can be drawn from this?
 - What do you suggest as a way forward?
 22. What is your general opinion in the impact of the agricultural investment to date?
 - What lessons can be drawn from this experience?
 - What do you suggest as a way forward?

C. Ministry of Environment and Forest

Environmental Impact Assessment proclamation # 299/2002

1. The proclamation endorses that “*environmental impact assessment serves to bring about administrative transparency and accountability, as well as to involve the public and, in particular, communities in the planning of and decision taking on developments which may affect them and its environment*”.

This proclamation is a proactive tool and a backbone to harmonizing and integrating environmental, economic, cultural and social considerations into decision making process in a manner that promotes sustainable development.

- Has this proclamation interpreted into different instruments (such as laws, rules and regulations) to ensure its implementation by various development sectors such as agriculture?
2. **Article 3 – General Provisions**, under this article, the following sub-articles stipulate the general conditions to implement a project: (a) Sub-article 1: “*Without authorization from the Environmental Protection Authority (EPA) or from the relevant regional environmental agency, no person shall commence implementation of any project that requires environmental impact assessment as determined in a directive issued pursuant to Article 5 of this proclamation*”.
- How strictly this article is implemented? What mechanism do you have to ensure that?
3. **Article 7 – Duties of a Proponent**, a “proponent” defined by this proclamation as “*any organ of a government if in public sector or any person if in the private sector that initiates a project*”.
- Under this article, sub-article 1 stipulates that “*a proponent shall undertake an environmental impact assessment, identify the likely adverse impacts of his project, incorporate the means of their prevention or containment, and submit to the Authority or the relevant regional environmental agency the environmental impact study report together with the documents determined as necessary by the Authority or the relevant regional environmental agency*”.
- If the proponent is conducting EIA of his/her project, how adequate (impartial) could the report be in capturing the environmental impacts associated with the project?
 - What mechanism do you have to ensure the adequacy of the report?
4. **Article 10 – Validity of Approved Environmental Impact Study Report** - Sub-article 1 of this article stipulates that “*the authorization of an environmental impact study report shall expire if the project has not been implemented according to the time frame set during its authorization*”.
- Is there case/cases whereby EIA is done after a project starts operation? If yes, what has been done to that effect?
5. **Article 14 – Jurisdiction, under this article**, sub-article 1: “*the Federal Environmental Authority shall be responsible for the evaluation of an environmental impact study report and the monitoring of its implementation when the project is subject to licensing, execution or supervision by a federal agency or when it is likely to produce trans-regional impact*”.
- What is the role of your ministry as well as the Agriculture Investment and Land Administration Agency when it comes to EIA reports evaluation and monitoring of the implementation of the risk mitigation measures identified in the report?

According to sub-article 2 of this article, regional environmental agency is not responsible for projects that are subject to licensing, execution or supervision by federal agency.

- How often and adequate federal office be able to monitor project activities in all regions considering distance, time and human capacity?

6. Article 15 – Public Participation

Under this article, the following sub articles stipulate the level of public participation at the environmental impact assessment of projects:

Sub-article 1: “the Authority or the relevant regional environmental agency shall make any environmental impact study report accessible to the public and solicit comments on it”.

- In which public media this report is available for the public to give comments?

Sub-article 2: “the Authority or the relevant regional environmental agency shall ensure that the comments made by the public and in particular by the communities likely to be affected by the implementation of a project are incorporated into the environmental impact study report as well as in its evaluation”.

- What are the mechanism put in place to ensure the participation of community and the incorporation of their comments?

There is no provision in this proclamation in which language the report to be prepared. If it is not in local language of where the project is taking place, the community won't understand the contents of the report in order to give their inputs.

- What is the practice?

Agricultural Investment Environmental Management Code of Practice for Sustainable Agriculture

7. This code of conduct sets-out the requirements and minimum compliance for key environmental concern of agricultural activities. It includes fertilizer storage, waste management, soil and water management practices, maintaining flora and fauna/ bio-diversity, maintaining and improving social and cultural aspects of the farming place and the surrounding etc...
 - Who is responsible for this activity – i.e. MoA, Investment Agency or the company or Environmental Ministry?
 - Is the audit report in the public domain?
 8. Farms are required to conduct a full internal audit periodically to identify areas that need attention. They are required to assist in the organization of the annual external audit. The audit reports will be submitted to Ministry of Agriculture and Rural Development, Environmental Protection Authority as well as other relevant organizations that are authorized to accept or reject the issuance of the certificate of compliance.
 - Has your ministry been receiving periodic audit reports of agricultural projects?
 - Are there cases due to audit findings rejected the issuance of certificate of compliance?
-

D. Ministry of Labour and Social Affairs

Labour proclamation # 377/2003

The labour proclamation no. 377/2003 proclaims labour related issues including employment relations, termination of employment relations, wages, hours of work, weekly rest, public holidays, overtime, leave (annual, sick, special, maternity), occupational safety, health and working environment, as well as medical and cash benefits of injured employee.

1. **Article 4 – Element of a Contract of Employment** - sub-articles 3 & 5 state respectively that “*a contract of employment shall specify the type of employment, place of work, the rate of wages, method of calculation thereof, manner and interval of payment and duration of the contract*”, and “*the contract of employment shall not lay down less favourable conditions for the employee than those provided for by law, collective agreement or work rules*”.

- What mechanisms are in place to ensure that agricultural workers are having favourable conditions as stated in the labour law?
2. **Article 12 – General Obligations of an Employer**, under this article, sub-article 4 & 6 state respectively that an employer shall in addition to special stipulations in the contract of employment have the following obligations: *“to take all the necessary occupational safety and health measures and to abide by the standards and directives to be given by the appropriate authorities in respect of these measures”* and *“to keep a register on weekly rest days, public holidays and leave utilized by the worker, health conditions and employment injury of the worker and other particulars required by the Ministry of Labour and Social Affairs”*.
 - Is there such a register sent to/received by the Ministry? If so, what actions have been taken if there were some irregularities in terms of the proclamation?
 - Do you have the directives in respect of occupational safety and health measures? If so, can I have a copy of it?
 - How do you ensure the implementation of these directives? Is there a kind of periodic report that you need to submit to the authorities on these measures? If so, can I have a copy of it.
 3. **Article 14 – Unlawful Activity**, under this article, sub-article 1 (e) & (f) states that *it shall be unlawful for an employer to: “require any worker to execute any work which is hazardous to his life”* and *“discriminate between workers on the basis of nationality, sex, religion, political outlook or any other conditions”*.
 - When working in large-scale farming, there are chemicals such as fertilizers and controlling pest (Pesticides). How the proper use of these chemicals by agricultural workers is ensured?
 - Is there training on the utilization of such chemicals? If so, who is responsible to ensure the provision of this training? How often it is given?
 - What mechanisms are there to ensure the locals are not discriminated against the foreign workers or vice-versa?
 4. **Article 68 – Overtime Payment**, under this article, sub-article 1 states that *“in addition to the worker normal wage, he/she who works overtime shall be entitled to over time payment”*. The rate of overtime payments are determined by the day (weekly rest day and, public holiday) and hours of the day (early morning, evening, and night) the overtime work undertaken.
 - If the agricultural workers worked overtime, has the rate of overtime, provided by this proclamation, applied?
 - What mechanisms are there for the authority to monitor the situation?
 5. **Article 89 – working Conditions of Young Workers** - The term “Young worker” is defined by the proclamation as *“a person who has attained the age of 14 but is not over the age of 18 years”*. Under this article, sub-articles 2 states that *“it is prohibited to employ persons under 14 years of age”*.
 - What is the situation on the ground? Direct observation
 - Do companies check when they employ farm workers?
 - How is the government ensuring this?
 6. **Article 92 - Obligation of an Employer on Occupational Safety, Health and Working Environment** states that *“an employer shall take the necessary measure to safeguard adequately the health and safety of the workers”*. Under this article, sub articles 3 & 7 state that an employer shall in particular *“provide workers with protective equipment, clothing and other materials and instruct them of its use”*, and *“take appropriate pre-executions to insure that all the processes of work shall not be a source or cause of physical, chemical, biological, ergonomical and psychological hazards to the health and safety of the workers”*.
 - To what extent employers respect this obligation? Direct Observations
 - How is the Authority ensuring that employers provide adequate safeguarding to their workers’ health and safety?

7. **Article 98 – Occupational Disease**⁵¹, under this article, sub articles 3 & 4 respectively state that “*the Minister shall, in consultation with the concerned authority, issue directives which contain schedules listing diseases to be of occupational origin and this schedule shall be revised at lest every five years*”, and “*the occurrence of any of the disease listed in the relevant schedule on any worker having been engaged in anyone of the corresponding types of work specified therein, shall by itself, constitute sufficient proof of the occupational origin of the disease*”.
 - The disease that is occupational nature for agricultural workers is cancerogenic which is manifested after long time. By then the employer (FI) has finished his lease period and left the country. What measures are there to this kind of occupational disease which manifest after longtime of the worker exposure?
8. **Article 177 – Labour Inspection Service**, under this article, sub-article 2, 3 & 5 state respectively that the labour inspection service shall include to: “supervise, executive, educate, study, make research and prepare a standard of work to ensure the implementation of the provisions issued in accordance with this Proclamation and other laws regarding working conditions, occupational safety, health and working environment”, “prepare the list of occupational diseases and schedules of degrees of disablement”, and “conduct studies, and compile statistical data relating to working conditions”.
 - Do you have a standard of work, especially for agricultural workers in large-scale commercial farming?
 - Is statistical data on working conditions of large-scale commercial farming workers available?

National Social Protection Policy of Ethiopia

9. Social protection defined by the policy as “formal and informal interventions that aim to reduce social *and economic risks, vulnerabilities and deprivations for all people and facilitates equitable growth*”. This policy delineate the roles and responsibility of the Government at Federal, Regional and Local levels in coordinating and providing social protection services to the citizens.
 - Is there school feeding programme for the needy ones?
 - Who is responsible in providing for this kind of protection to the citizens at federal, regional and local levels?
10. Social services defined by the policy as “Free or subsidized education, health, and food provision services.
 - The food security programme focuses only on chronically food insecure rural households in drought-prone Woredas; current coverage does not address people with a right to social protection amongst vulnerable households in other Woredas. What is your take on this?
11. This policy document describes the types of vulnerability prevalent in Ethiopia and includes agricultural vulnerability, and Environmental degradation and the dependence on rain-fed agriculture contribute to chronic food insecurity. It also highlights the implementation of the 5 year Growth and Transformation Plan, which lays-down the foundation for social protection policy, will enhance the impact of various sector policies, strategies and programmes which are designed to control or prevent the agricultural, environmental and food insecurity vulnerability, among others, and to improve the life of the poor.
 - The agricultural development policy and the land proclamation supports/encourages large-scale commercial farming for export purposes. How is this helping to improve the domestic food security (especially the products are for export purposes) and environmental sustainability?
12. The policy document reveals that 27% of children aged between 5-14 were engaged in child labour in 2011. This contradicts with labour proclamation article 89 (2) “*it is prohibited to employ persons under 14 years of age*”.
 - How could this happen?
 - In which sector (i.e. agriculture) it happened?

⁵¹The term “Occupational Disease” defined by the proclamation as “*any pathological condition caused by physical, chemical or biological agents which arises as consequence of (a) the type of work performed by the worker, (b) the surroundings in which the worker is obliged to work during a certain period prior to the date in which the disease become evident*”.

- What measures have been taken to prevent this?
13. According to the labour proclamation, there is an inspection.
- How come child labour in this scale happened if there is indeed strict inspection? What is your take on this?
14. The policy document identifies and outlines implementation strategies for **Social Safety Net⁵², Livelihood and Employment Schemes⁵³, Social Insurance⁵⁴, and Addressing Inequalities of Access to Basic Services⁵⁵**.
- How far are these focus areas implemented? Especially employment promotion for farm workers as well as weather-indexed crop insurance
15. The Ministry of Labour and Social Affairs is responsible in creating, piloting and scaling-up the management information system that is designed to track support for people that need social protection which include all databases kept by different programmes generating reports on resources used and outputs achieved.
- This requires collaboration among sectors. How is this achieved?
 - What mechanisms are there for the Ministry to track support given to the needy ones in a timely manner?
16. The social protection programme will be financed by the state. To this effect, the government will allocate between 2-3 per cent of the GDP. Civil Society Organizations as well as Private Sector can also play a role in supporting the social protection programme. Private sector can contribute directly by improving the working environment and in promoting occupational safety and health. Also, the contributions of private sector in the form of Corporate Social Responsibility (CSR) can be one source of finance. Social assistance fund shall be established to encourage the role of the community to address vulnerability and pave the way for community based social protection initiatives.
- Who/which Ministry is responsible to ensure the implementation of the social protection programme?
 - How far has this been implemented?
 - What are the foreign investors on large-scale commercial farming contribution when it comes to CSR and other set standards such as occupational safety and health etc...

E. Ministry of Agriculture

Rural Land Administration Proclamation # 456/2005

1. - **Article 7 – Duration of Rural Land Use Right** defines the duration of rural land use right for various landholders. It ensures smallholder farmers infinite rural land use right. But at the same time this infinite rural land use right is not guaranteed as rural landholders can be evicted at any time when their lands are needed for public use. In the proclamation, there is no definition of the term “public use” in respect to rural land administration.
 - What are/does public use include?
2. **Article 8 – Transfer of Rural Land Use Right** gives the right to smallholder farmers to transfer part of their land for investors for limited time.
 - What is the limited period of such deal?

⁵²for those vulnerable to shocks, such as drought and floods, food price inflation as well as other economic shocks.

⁵³entails Promoting employment opportunities and income generating activities for the unemployed and other vulnerable groups; as well as increasing the capacity of rural people through economic measures such as provision of inputs, seed fairs⁵³, and input-for-work.

⁵⁴entails community-based health insurance, weather-indexed crop insurance etc...

⁵⁵ entails increasing access to health, education and other social welfare services

- Is there regional differences? If so, what is the limited period for Gambella and Benshangul?.
 - Is there example where peasant farmers transferring their land use right?
 - Is there also example where a landholder undertook development activity jointly with an investor?
3. **Article 11- Determining Minimum Rural Land Holding Size and Encouraging Land Consolidation** recognizes the voluntary agreement and participation of farmers and community to facilitate land consolidation as well as settlement and viligization program for development. Article 8 facilitates for smallholder farmers to transfer their land to investor for limited time. However, article 7 (sub-article 3) contradicts with these two articles as it gives a provision to evict smallholder farmers land if the land is needed for public use regardless of their infinite land use right. These articles (i.e. voluntary agreement and the right to transfer land vs eviction from their land) contradict each other.
- How are these articles treated during implementation? In other words, which one takes precedent over the others?
4. **Article 13 – Land Use Planning and Proper use of sloppy, Gully and Wetlands** addresses environmental concern and touches upon water, soil and biodiversity conservation. It doesn't, however, address all environmental concerns related to farming such as use of pesticides, fertilizers, clearing forests, protection of wildlife etc...It doesn't also address cultural related rural land use such as ritual.
- How are these things handled in practice?
 - Are there any other rules/directives that capture these issues? If so, could you please mention them?
5. **Article 16 – Responsibility of Federal Ministry of Agriculture and Rural Development – Under this article,** (a) sub-article 2 states that *“the Ministry shall initiate, on the basis of the information gathered at national level and those to be obtained from time to time through monitoring and evaluation, development of new policy ideas, and the amendment of the existing policy, as necessary”*. (b) sub-article 3 states that *“the Ministry shall create the system for the exchange of information between regions and the federal Government pertaining to rural land administration and use”*.
- Has the Ministry practiced M&E with regard to rural development? If so, has new policy developed or has the existed policy amended? Pls give example of such policy/ies.
 - Is there a system for the exchange of information between region and federal level? Also, with other ministries and agencies? If so, give a concrete example
6. **Article 17 – Responsibility of Regions** Under this article, (a) sub-article 1 states that *“each regional council shall enact rural land administration and land use law, which consists of detailed provisions necessary to implement this proclamation”*. (b) sub-article 2 states that *“regions shall establish institutions at all levels that shall implement rural land administration and land use systems, and shall strengthen the institutions already established”*.
- Do Gambella and Benshangule regions have regional rural land administration and land use law? If so, do you have a copy?
 - Do these regions have institutions to implement this law at regional, woreda and kebele (districts) levels? If so, what are the names, addresses and contact persons of these institutions?

Final question

7. What is your general opinion between the stated policies/proclamation/regulations and the practice in the ground?
- What lessons can be drawn from this?
 - What do you suggest as a way forward?
8. What is your general opinion in the impact of the agricultural investment to date?
- What lessons can be drawn from this experience?
 - What do you suggest as a way forward?
-

F. Ministry of Finance and Economic Development, as well as National Planning Commission Growth and Transformation Plan 2011-15

1. The 5-year growth and transformation plan points-out the focus areas for sustainable agricultural development during the 5-year period and set-out an implementation strategy to scale-up best practices drawn from past achievements including transferring improved agricultural technologies, after being piloted by model farmers, to other farmers in shortest possible time.
 - How far this is implemented?
 - Who benefited from the training?
 - What are the selection criteria for this training? Is it by the type of agricultural products? Or by region?
2. The focus areas for the implementation of the strategy include capacity development of farmers and pastoralists, natural resources protection, ensuring farmers and pastoralists income generation from agriculture, establishing effective marketing system for agricultural products, and enhancing agricultural research-extension-farmers linkage in order to adapt, multiply, distribute and use technology.
 - What actions have been taken so far?
 - Does this include smallholder farmers who are not in cooperative /association? Also women?
 - When it comes to the protection of natural resources, what role does MoFED play? In other words, what mechanisms are in place to ensure that (a) the natural resources are protected when carrying out different activities of the different sectors, especially large scale agriculture? (b) Farmers and pastoralists income generation?
3. The plan for growth and transformation enlightens the importance of citizens participation to express their demands, aspiration, and engaging in the process of formulation of policy, strategy, planning, monitoring and evaluation.
 - What mechanisms are there to ensure/encourage citizens participation?
 - Any example in this regard?
4. The plan acknowledges the importance of environmental conservation for sustainable development. It spells-out priority actions with regard to environmental conservation and it includes building a carbon neutral and climate resilient economy and enforcement of existing environmental laws.
 - What actions have been taken so far in environmental conservation vis-à-vis large scale commercial farming?
 - The reporting template of investors merely talks about the company environmental performance. It is only to monitor the progress of activities. It is not designed to identify environmental impact of investment activities and take corrective action in a timely manner. What is your take on this?

Rural Development Policy and Strategies – April 2003

5. The rural development policy and strategies of 2003 underscored the importance of foreign investors into the agricultural sector to enhance the agricultural development efforts. The foreign investments are highly encouraged especially in the lowland areas where there are unutilised vast lands with high irrigation possibility that require a considerable capital. It states that domestic investors might not have adequate capital for the scale of development required in these areas.
 - Is it only irrigation capital that is needed?
 - What about a system to recycle water to ensure sustainable use of water resources? Also a plant to clean dirty water before discharging it into the river/lakes or in the environment?
6. This strategy acknowledges that in the western lowland areas, there is a serious shortage of infrastructure such as roads, telecommunication and power supply, as well as labour supply. The areas are prone to diseases such as malaria.
 - The infrastructure focuses only on roads, telecommunication and power supply and health center which both investors and local can benefit. (Health center infrastructure is to halt incidence of malaria also)
 - This provision is mainly to benefit the foreign otherwise school should also be provided to benefit the locals. What is your take on this?
 - Are there examples of such provisions so far in these areas?
7. The policy emphasis on the best use of human resources through promotion of labour-intensive technology and enhancement of productive capacity of labour, as well as the proper use of natural resources such as land and water.

- What mechanisms are in place to ensure the promotion of labour intensive technology, and proper usage of land & water in relation to large-scale farming?
8. The strategy underlines resettlement programme from draught prone areas to areas where there are enough land and rainfall as a means to ensure food security. It confirms that this programme will be executed based on people willingness and own choice. It states that resettling people against their will is a crime and produce negative effect.
 - If resettlement programme is for draught prone areas and based on ones choice, how has then the Rural Land Administration Proclamation # 456/2005 -**Article 11- Determining Minimum Rural Land Holding Size and Encouraging Land Consolidation** recognizes the voluntary agreement and participation of farmers and community to facilitate land consolidation as well as settlement and villagization program for development, been implemented? In other words, haven't people moved from their lands to accommodate land consolidation for large-scale agriculture in Western Low-land areas such as Gambella?
 - This statement contradicts with Land Administration Proclamation #456/2005 – article 7 – sub-article 3 which states that land can be evicted if it is required for public use. What is your take on this? Doesn't this create confusion during implementation? Which one supersedes?
 9. Social services defined by the policy as “Free or subsidized education, health, and food provision services.
 - The food security programme focuses only on chronically food insecure rural households in drought-prone Woredas; current coverage does not address people with a right to social protection amongst vulnerable households in other Woredas. What is your take on this?
 10. This policy document describes the types of vulnerability prevalent in Ethiopia and includes agricultural vulnerability, and Environmental degradation and the dependence on rain-fed agriculture contribute to chronic food insecurity. It also highlights the implementation of the 5 year Growth and Transformation Plan, which lays-down the foundation for social protection policy, will enhance the impact of various sector policies, strategies and programmes which are designed to control or prevent the agricultural, environmental and food insecurity vulnerability, among others, and to improve the life of the poor.
 - The agricultural development policy and the land proclamation supports/encourages large-scale commercial farming for export purposes. How is this helping to improve the domestic food security (especially the products are for export purposes) and environmental sustainability?
-

G. Development Bank of Ethiopia and Commercial Bank of Ethiopia

1. The agricultural investors are getting various incentives. Clarify if loan is also part of the incentives.
 2. Explain about the long term loans for agricultural investors, the terms and conditions of the loans and the benefits for the bank,
 3. What triggers the bank to facilitate this loan?
 4. What is the proportion of loans for agricultural sector compared to other sectors such as industry and service?
 5. What is the proportion of the capital injection by agricultural products, and the nationalities (domestic or foreign) of investors?
-

H. Confederation of Ethiopian Trade Union

Labour proclamation # 377/2003

The labour proclamation no. 377/2003 proclaims labour related issues including employment relations, termination of employment relations, wages, hours of work, weekly rest, public holidays, overtime, leave (annual, sick, special, maternity), occupational safety, health and working environment, as well as medical and cash benefits of injured employee.

1. **Article 4 – Element of a Contract of Employment** - sub-articles 3 & 5 state respectively that “*a contract of employment shall specify the type of employment, place of work, the rate of wages, method of calculation thereof, manner and interval of payment and duration of the contract*”, and “*the contract of employment shall not lay down less favourable conditions for the employee than those provided for by law, collective agreement or work rules*”.

- What mechanisms are in place to ensure that agricultural workers are having favourable conditions as stated in the labour law?
2. **Article 12 – General Obligations of an Employer** - Under this article, sub-article 4 & 6 state respectively that an employer shall in addition to special stipulations in the contract of employment have the following obligations: *“to take all the necessary occupational safety and health measures and to abide by the standards and directives to be given by the appropriate authorities in respect of these measures”* and *“to keep a register on weekly rest days, public holidays and leave utilized by the worker, health conditions and employment injury of the worker and other particulars required by the Ministry of Labour and Social Affairs”*.
 - Is there such a register sent to/received by the Ministry? If so, what actions have been taken if there were some irregularities in terms of the proclamation?
 - Do you have the directives in respect of occupational safety and health measures? If so, can I have a copy of it?
 - How do you ensure the implementation of these directives? Is there a kind of periodic report that you need to submit to the authorities on these measures? If so, can I have a copy of it.
 3. **Article 14 – Unlawful Activity** - Under this article, sub-article 1 (e) & (f) states that *it shall be unlawful for an employer to: “require any worker to execute any work which is hazardous to his life”* and *“discriminate between workers on the basis of nationality, sex, religion, political outlook or any other conditions”*.
 - When working in large-scale farming, there are chemicals such as fertilizers and controlling pest (Pesticides). How the proper use of these chemicals by agricultural workers is ensured?
 - Is there training on the utilization of such chemicals? If so, who is responsible to ensure the provision of this training? How often it is given?
 - What mechanisms are there to ensure the locals are not discriminated against the foreign workers or vice-versa?
 4. **Article 68 – Overtime Payment** - Under this article, sub-article 1 states that *“in addition to the worker normal wage, he/she who works overtime shall be entitled to over time payment”*. The rate of overtime payments are determined by the day (weekly rest day and, public holiday) and hours of the day (early morning, evening, and night) the overtime work undertaken.
 - If the agricultural workers worked overtime, has the rate of overtime, provided by this proclamation, applied?
 - What mechanisms are there for the authority to monitor the situation?
 5. **Article 89 – working Conditions of Young Workers** - The term “Young worker” is defined by the proclamation as *“a person who has attained the age of 14 but is not over the age of 18 years”*. Under this article, sub-articles 2 states that *“it is prohibited to employ persons under 14 years of age”*.
 - What is the situation on the ground? Direct observation
 - Do companies check when they employ farm workers?
 - How is the government ensuring this?
 6. **Article 92 - Obligation of an Employer on Occupational Safety, health and Working Environment** states that *“an employer shall take the necessary measure to safeguard adequately the health and safety of the workers”*. Under this article, sub articles 3 & 7 state that an employer shall in particular *“provide workers with protective equipment, clothing and other materials and instruct them of its use”*, and *“take appropriate pre-executions to insure that all the processes of work shall not be a source or cause of physical, chemical, biological, ergonomical and psychological hazards to the health and safety of the workers”*.
 - To what extent employers respect this obligation? Direct Observations
 - How is the Authority ensuring that employers provide adequate safeguarding to their workers’ health and safety?

7. **Article 98 – Occupational Disease**⁵⁶ - Under this article, sub articles 3 & 4 respectively state that “*the Minister shall, in consultation with the concerned authority, issue directives which contain schedules listing diseases to be of occupational origin and this schedule shall be revised at lest every five years*”, and “*the occurrence of any of the disease listed in the relevant schedule on any worker having been engaged in anyone of the corresponding types of work specified therein, shall by itself, constitute sufficient proof of the occupational origin of the disease*”.
- The disease that is occupational nature for agricultural workers is cancerogenic which is manifested after long time. By then the employer (FI) has finished his lease period and left the country. What measures are there to this kind of occupational disease which manifest after longtime of the worker exposure?
8. **Article 177 – Labour Inspection Service** - Under this article, sub-article 2, 3 & 5 state respectively that the labour inspection service shall include to: “supervise, executive, educate, study, make research and prepare a standard of work to ensure the implementation of the provisions issued in accordance with this Proclamation and other laws regarding working conditions, occupational safety, health and working environment”, “prepare the list of occupational diseases and schedules of degrees of disablement”, and “conduct studies, and compile statistical data relating to working conditions”.
- Do you have a standard of work, especially for agricultural workers in large-scale commercial farming?
 - Is statistical data on working conditions of large-scale commercial farming workers available?

⁵⁶The term “Occupational Disease” defined by the proclamation as “*any pathological condition caused by physical, chemical or biological agents which arises as consequence of (a) the type of work performed by the worker, (b) the surroundings in which the worker is obliged to work during a certain period prior to the date in which the disease become evident*”.

Appendix 3: Sample Interview Questions – Government at Regional and District Levels

Open ended Interview questions

The open ended questions asked to the following concerned regional government offices depending on their mandate:

- (1) Regional Land Utilization, Administration and Environmental Protection Authority,
- (2) Regional Investment Agency,
- (3) Regional Labour and Social Affairs Bureau,
- (4) Regional Agricultural Development Bureau,
- (5) Regional Wildlife Protection Authority (National Park Office), and
- (6) Regional Statistics Agency for collecting data for different years on (a) total population size and breakdown by kebel level, gender, age; (b) rural and urban unemployment rate.

1. Investment projects that are above 5000 ha are administered by responsible offices at Federal level. But the investment projects are close to woreda (district) and regional levels. What is the role of the regional and woreda offices when it comes to these investments? What are the mechanisms put in place to ensure the collaboration of various concerned offices at Woreda, Regional and Federal levels?
2. What processes have been used to identify lands for massive agricultural investments? Have regional and woreda level offices engaged in this process?
3. What are the links and processes between this organisation and other organisations in allocating agricultural lands (environmental protection, biodiversity and wildlife conservation, mapping and demarcating)?
4. What are the links and processes between your organization and other organizations with respect to implementing policies that are designed to improve food security, rural livelihoods, and economic growth?
5. Have these investments created job opportunities for local? If so, what kind of job and to what extent? What improvements have been made vis-à-vis the existing Ethiopian labour standards, including wage, working hours, occupational health insurance and other benefits? What mechanism is there to monitor/ensure the working conditions, occupational safety and health of the local employees as described in the Labour proclamation # 377/2003
6. What mechanism is there to monitor and evaluate the investment's environmental performance in terms of impacts as well as mitigation measures identified in the environmental impact assessment report of each agricultural investment project in your region?
7. What mechanism is there to monitor and evaluate the investment's social performance in terms of the impacts as well as mitigation measures (Social Management Plan) identified in the social impact assessment report of each agricultural investment project in your region?
8. What is your general opinion in the impact of the agricultural investment to date? What lessons can we draw from this experience and what do you suggest as a way forward?

The open ended questions asked to the Woreda (District) administration includes:

1. What is their role with regard to agricultural investment?
2. Who is receiving the land lease payment? Is it the District, Region or Federal? Based on the answers, the following questions asked:
3. For what purpose the received lease payment has been used?
4. Who is ensuring the employees wage whether it is in accordance with Ethiopian Labour Law?
5. What are their experience or lesson learnt vis-à-vis these investments? And what do they suggest as the way forward?

Appendix 4: Sample Interview Questions – Foreign Investors

Open ended interview questions

1. What is your company business?
2. What is your role in this company?
3. How did you come to Ethiopia to invest in agricultural land? What attracts you? What agricultural products do you produce?
4. Do you have a similar activity in other countries? If so, where?
5. When did you lease the land in Ethiopia?
6. Have you started activity?
7. When you leased the land, was the community involved? If so, to what extent?
8. Does your investment activity highly mechanized?
9. How many employees do you have? Are they local? What kind of work do they do? What are their experiences? Were they farm-worker? If so, did they have their own farm? Did they already have the needed skills to perform in a mechanized farm? Or did your company give them training to perform better in their respective tasks?
10. Can you tell us about the area where you have your investment? I.e. was it a meadow, pasture or grassland? Or just an empty field close by a river/stream? Was there the needed infrastructure such as better road, communication, electricity, drinking water? Or was it provided by your company? Or planned to be provided?
11. How is your relationship with the community?
12. Do you produce for domestic market? If not all, what is the share of the domestic market from your production?
13. How did you find to conduct business in Ethiopia?

Appendix 5: Sample Questions for Focus Group Discussions – Village Level

Open Ended Questions

Community elders and Kebele chairmen were asked similar questions as local residents but separately. The informants consist of male, female, young and old and about 10-15 household, selected randomly and interviewed together for each case study area and asked the following questions:

1. Are you a resident of this locality? If so, how long have you been living here?
2. Do you have children? If so, do they live here? What do they do?
3. Do you work? If not now, what did you do before?
4. Do you know about the investment project?
5. Was there activity in that land before this investment project? If not, what was it before? Was it a farm, or pasture or grassland? Or people were living in there? If so, where are they now?
6. Were you involved in decision making to lease-out this land to the investor? If so, were you aware of what this investor going to produce? And for which market – domestic or export? What are the benefits of this investment for the community according to the agreement? Has the community realized the benefits yet? If not, what is the problem?
7. Did you determine/agree with the price of the land lease? If so, how much is the lease price per ha per year?
8. Does the community get certain amount of the revenue from lease? If so, in what mode?
9. Since this investment, is there anything improved in this locality? If so, can you tell us what and how?
10. What do you think about this project in general? Is it good or bad?
11. What do you suggest as a way forward?

Appendix 6: Interviewees

Federal Level			
Item #	Name of Institutions	Department/Office	
1	Ministry of Agriculture	Land Administration & Use Directorate	LAUD, 2014
2	Ministry of Environment and Forest	Compliance Monitoring and Control Directorate	CMCD, 2014
		Projects Monitoring, Evaluation and Licensing Directorate	PMELD, 2014
3	Ministry of Labour and Social Affairs	Employment Service Promotion Directorate	ESPD, 2014
		Social Welfare Development Promotion Directorate	SWDPD, 2014
		Harmonized Industrial Relation Directorate	HIRD, 2014
4	Ministry of Finance and Economic Development	Macroeconomic Policy and Management Department	MPMD, 2014
5	National Planning Commission	National Planning Department	NPD, 2014
6	Ethiopian Investment Agency	Investment Policy Studying Team	IPST, 2014
		Information and Investment Promotion Directorate	IIPD, 2014
		Agricultural Investment Projects Facilitation & Aftercare Team	AIPFAT, 2014
7	Agricultural Investment Land Administration Agency	Environmental Protection Directorate	EPD, 2014
		Environmental Impact Assessment Team	EIAT, 2014
		Agricultural Economic Zone	AEZ, 2014
		Investors' Support, Monitoring and Evaluation Directorate	ISMED, 2014
		Legal Affairs Directorate	LEAD, 2014
		Land Administration Directorate	LAD, 2014
8	Development Bank of Ethiopia	Loan Approval Team	LAT, 2014
9	Commercial Bank of Ethiopia	Commercial Customer Relationship	CCRT, 2014
10	Confederation of Ethiopian Trade Union	Industrial Relation Department	IRD, 2014
		Occupational Safety and Health Department	OSAHD, 2014

Regional Level			
Item #	Name of Institutions	Department/Office	
1	Land Utilisation, Administration and Environmental Protection Authority	Environmental Protection Unit	EPU, 2014
		Land Utilisation and Administration unit	LUAU, 2014
2	Agricultural Development Bureau	Sustainable Natural Resources Development, Protection and Utilization Unit	SNRDPUU, 2014
		Forest Resource Administration, Protection & Utilization Unit	FRAPUU, 2014
		Crop production and Protection Unit	CPAPU, 2014
3	Labour and Social Affairs Bureau	Labour Market & Employment Information Service Unit	LMEISU, 2014
4	Investment Bureau	Investment Bureau General Directorate	IBGD, 2014
5	Statistics Bureau	Statistics Bureau General Directorate	SBGD, 2014
6	Wildlife Conservation Authority	Wildlife Conservation Office	WICO, 2014
7	Horn of Africa Gambella Regional Environment and Network	Environment and Network Office	ENO, 2014

District Level			Kebele Level (Lowest Unit of Government)		
Item #	Name of District Administrative Office		Item #	Name of Kebele	
1	Goge District	GODI1, 2014	1	WathgacKebele	WATKE, 2014
		GODI2, 2014	2	IlliaKebele	ILIKE, 2014
2	Abobo District	ABDI, 2014	3	PukediKebele	PUKE, 2014
3	Itang Special District	ITDI, 2014	4	PerbengoKebele	PERKE, 2014
			5	Ulung/PugnidoKebele	ULEKE, 2014

Foreign Investor Companies			
Item #	Name of Investor Companies	Level of key informants	
1	Saudi Star Agricultural Development PLC	Senior Management	SADP-SM, 2014
		Factory workers	SADP-FW, 2014
2	RuchiAgri PLC	Senior Management	RAP-SM, 2014
3	Karuturi Agro Products PLC	Senior Management	KAPP-SM, 2014
4	Toren Agro Industries PLC	Senior Management	TAIP-SM1, 2014
		Senior Management	TAIP-SM2, 2014
5	S&P (Shaporji) Energy Solutions PLC	Senior Management	SESP-SM, 2014
6	BHO Bio Products	Farm workers	BBP-FW, 2014

Village Level					
Item #	Focus Group Discussions		Item #	Individual Interviews with Community Elder	
1	Wathgac Community	WATCO, 2014	1	Wathgac Community	WATCO-EL, 2014
2	Illia Community	ILICO, 2014	2	Illia Community	ILICO-EL, 2014
3	Pukedi Community	PUKCO, 2014	3	Pukedi Community	PUKCO-EL, 2014
4	Perbengo Community	PERCO, 2014	4	Perbengo Community	PERCO-EL, 2014
5	Ulung/Pugnido Community	ULECO, 2014	5	Ulung/Pugnido Community	ULECO-EL, 2014

Appendix 7: Qualitative Assessment of the Case Studies on Pro-poor and Environmentally Sustainable Investment

Total score of the case studies on pro-poor investment

Performance assessment rating system: 1 = poor, 2 = fair, 3 = average, 4 = good, 5 = very good.

Pro-poor investment criteria	Case studies agricultural projects					
	Karuturi	Saudi Star	Ruchi	Toren	BHO	S&P ⁵⁷
Existing rights to natural resources are recognised and respected	1	1	1	1	1	1
Participation of local residents, especially indigenous people, in the negotiation of large-scale land lease	1	1	1	1	1	1
Improvement of local farmers' farming methods	1	1	1	1	1	1
Improvements of local population's food security	1	1	1	1	1	1
Creation of jobs for local population	3	2	1	4	1	NA
Agricultural products (i.e staple ⁵⁸ versus non-staple; food crops versus industrial crops ⁵⁹)	2	1	2	3	2	1
Respecting the core labour standards including wages, working hours, health insurance, occupational health and safety, and other benefits	2	2	1	5	1	NA
Labour-intensive technology is used to create more jobs for the locals	1	1	1	1	1	1
Out-grower scheme is practiced (i.e. creation of direct linkage between the project and local smallholder farmers)	1	1	1	1	1	1
Support to improve the local community's road, schools, and health centres (i.e. Corporate Social Responsibility)	3	1	1	4	1	NA
Total Score = 50	16	12	11	22	11	7

⁵⁷S&P - The study was not able to make a direct observation on the farm site and its surroundings (see section 4.5.4.6 and the last sentence of paragraph three of section 6.4.6). Hence, three of the pro-poor criteria cannot be assessed (i.e. 15 points) and two of the environmentally sustainable criteria (i.e. 10 points) cannot be assessed.

⁵⁸Case study areas' staple foods are maize, sorghum and millet

⁵⁹Industrial crops are crops that provide material inputs for industrial processes and products such as oil crops, textile crops and bio-fuel crops. Its production potentially competes with food crops for land, water and other factors of production. The end product might not be available for local population.

Environmentally sustainable investment criteria	Case studies agricultural projects					
	Karuturi	Saudi Star	Ruchi	Toren	BHO	S&P
Environmental impacts of the project are quantified	2	2	1	2	2	1
Measures taken to mitigate the negative impacts of the project	1	2	1	3	1	1
Measures taken to ensure sustainable use of resources	1	1	1	1	1	1
Agricultural waste are managed as per industry best practice	1	1	1	4	1	NA
Agro-chemicals are managed as per Environmental Code of Practice for Agricultural investment	1	1	1	4	1	NA
Total Score = 25	6	7	5	14	6	3
Grand Total Score: 50 + 25 = 75	22	19	16	36	17	10

Karuturi's total score on pro-poor and environmentally sustainable investment

Pro-poor criteria	Karuturi's Performance	Results	Score
Existing rights to natural resources are recognised and respected	The communities' forest and savanna grassland are leased by the project. The communities are denied access to the natural resources which was their livelihoods. The project also leased the communities' ancestors/lords cemetery places. The communities didn't get any compensation for losing their livelihoods	Poor	1
Participation of local residents, especially indigenous people, in the negotiation of large-scale land lease	The communities were not consulted about the project beforehand. They came to know when the project started cutting trees, savannah grasses and building its camp	Poor	1
Improvement of local farmers' farming methods	The project is highly mechanised and uses high tech while the communities using primitive tools. No support has been given in upgrading their farming methods and increase production	Poor	1
Improvements of local population's food security	The project's principal products are palm, cereals and pulses for export. It doesn't contribute directly to the local population food security. In fact, the project leases the forestland where the community used to collect stem plants to supplement their	Poor	1

	food needs during dry season. It also leases the savanna grassland where their animals grazes. The community doesn't now have access to these resources.		
Creation of jobs for local population	Labourer and machine operation jobs. It also gave training for local people who are engaged in operating machines such as tractors. Ethiopians from other part of the country are hired as mechanics and drivers	Average	3
Agricultural products (i.e staple ⁶⁰ versus non-staple; food crops versus industrial crops ⁶¹)	The project principal products are non-staple. It produced maize for trial purposes which is the local population staple food.	Fair	2
Respecting the core labour standards including wages, working hours, health insurance, occupational health and safety, and other benefits	The project pays the labourers ETB 25/day which is less than the standard rate ETB 50/day. No health insurance while on duty. Occupational health and safety measures are not taken. The projects provides food for workers	Fair	2
Labour-intensive technology is used to create more jobs for the locals	It is highly mechanised and thus it creates a few jobs compared to its investment size. The labourer job is seasonal.	Poor	1
Out-grower scheme is practiced (i.e. creation of direct linkage between the project and local smallholder farmers)	Direct linkage is not practiced. The agricultural lease agreement doesn't encourage creating linkages with local smallholder farmers. This could also pave ways to upgrade their farming method and increase productivity.	Poor	1
Support to improve the local community's road, schools, and health centres (i.e. Corporate Social Responsibility)	The project shares electric-power, generated by Diesel Generator, with the nearby clinic to give service in the evening. The project avails transport to the community during health emergency. When the project car is going to town, it gives ride to the community as there is no public transport.	Average	3
Total Score = 50			16
Environmental sustainability criteria	Karuturi's performance	Results	Scores
Environmental impacts of the project are quantified	The project's Environmental and Social Impact Assessment (E&SIA) was conducted after three years of commencing its operation where its significant adverse impacts are quantified and mitigation measures are spelled-out. This is in breach of the EIA Proclamation No. 299/2002 which state the EIA of projects should be undertaken before commencing the project	Fair	2
Measures taken to mitigate the negative impacts of the project	The mitigation measures are not taken. For instance, one of the measures is the project to establish an Environmental and Social Affairs Unit in order to implement the rest of the mitigation measures identified in the E&SIA report of the project. The E&SIA study report affirmed that the Karuturi agricultural project can only be feasible if the project	Poor	1

⁶⁰Case study areas' staple foods are maize, sorghum and millet

⁶¹Industrial crops are crops that provide material inputs for industrial processes and products such as oil crops, textile crops and bio-fuel crops. Its production potentially competes with food crops for land, water and other factors of production. The end product might not be available for local population.

	implements the Socio-economic Impact Management Plan (SIMP) of the study without delay.		
Measures taken to ensure sustainable use of resources	The project leases forest and savannah lands which it started clearing. Some of these lands belong to the National Park. The project doesn't follow the lease agreement which state the project to plant indigenous trees on 5% of the leased land, and to leave windbreak indigenous trees. The project doesn't have a water management system such as water recycling plant to save this non-renewable resources for future generation although water is now in abundant in the area. It doesn't have plan to offset its carbon footprints and promote sustainable agricultural practices.	Poor	1
Agricultural waste are managed as per industry best practice	The project doesn't have waste management system. Agricultural waste are damped into the environment.	Poor	1
Agro-chemicals are managed as per Environmental Code of Practice for Agricultural investment	The farm doesn't have appropriate place to store agro chemicals. They are stored in metal container.	Poor	1
Total Score = 25			6
Grand total score (50 + 25) = 75		(16 + 6) = 22	

Saudi Star's total score on pro-poor and environmentally sustainable investment

Pro-poor criteria	Saudi Star's Performance	Results	Score
Existing rights to natural resources are recognised and respected	The project land was covered by dense forest which was the communities livelihoods	Poor	1
Participation of local residents, especially indigenous people, in the negotiation of large-scale land lease	The communities were not involved in the negotiation of the agricultural land lease. They came to know when the project started clearing the forestland. The negotiation took place between the government at higher authorities and the investor.	Poor	1
Improvement of local farmers' farming methods	The project is highly mechanised and uses high tech while the communities using primitive tools. No support has been given in upgrading their farming methods and increase production	Poor	1
Improvements of local population's food security	The project principal agricultural product is rice for export. The communities used to collect potato like plant, locally called "Modo/Babure" which helps them to supplement their family food during the time when they have less crop production.	Poor	1
Creation of jobs for local population	It created seasonal (labourer) jobs for locals. Machine operators and others working in the rice husking factory are from other parts of Ethiopia.	Fair	2

Agricultural products (i.e staple ⁶² versus non-staple; food crops versus industrial crops ⁶³)	The project produces rice, which is not the locals' staple food, for export. The local population staple food is sorghum and maize.	Poor	1
Respecting the core labour standards including wages, working hours, health insurance, occupational health and safety, and other benefits	The project's labour wage rate is lower than the industry wage standard. The workers don't have proper safety gear which are industry standard to protect them from occupational hazardous.	Fair	2
Labour-intensive technology is used to create more jobs for the locals	The project is highly mechanised. For its size of the operation, the project could create more jobs for the locals if it promotes labour intensive technology.	Poor	1
Out-grower scheme is practiced (i.e. creation of direct linkage between the project and local smallholder farmers)	There is no linkages between the project and local smallholder farmers. The land lease contract doesn't encourage out-grower scheme	Poor	1
Support to improve the local community's road, schools, and health centres (i.e. Corporate Social Responsibility)	The project hasn't provided support to improve the local infrastructures, schools and health centre.	Poor	1
Total Score = 50			12
Environmental sustainability criteria	Saudi Star's performance	Results	Scores
Environmental impacts of the project are quantified	The project's Environmental and Social Impact Assessment (E&SIA) was conducted after two years of commencing its operation where its significant adverse impacts are quantified and mitigation measures are spelled-out. This is in breach of the EIA Proclamation No. 299/2002 which state the EIA of projects should be undertaken before commencing the project	Fair	2
Measures taken to mitigate the negative impacts of the project	The mitigation measures are not adequately implemented. The project doesn't have an Environmental Management Unit or expert to advise and monitor the environmental performance of the farm including the adequate implementation of the mitigation measures for the adverse impact of the farm activities	Fair	2
Measures taken to ensure sustainable use of resources	The project leases forestlands surrounded with wetlands and rivers. Wetlands are sensitive and agricultural practice adversely affects the wetlands. The project cleared the forest which is the natural habitat for a number of species of flora and fauna. Rice is the main production and it requires the usage of excessive water. The project doesn't have a water management	Poor	1

⁶²Case study areas' staple foods are maize, sorghum and millet

⁶³Industrial crops are crops that provide material inputs for industrial processes and products such as oil crops, textile crops and bio-fuel crops. Its production potentially competes with food crops for land, water and other factors of production. The end product might not be available for local population.

	system to ensure sustainable use of water. The project doesn't follow the lease agreement which state the project to plant indigenous trees on 5% of the leased land, and to leave windbreak indigenous trees. It doesn't have plan to offset its carbon footprints and promote sustainable agricultural practices.		
Agricultural waste are managed as per industry best practice	The project doesn't have waste management system. Agricultural waste is dumped into the environment. It doesn't have a designated landfilled for solid waste. It burns the solid waste.	Poor	1
Agro-chemicals are managed as per Environmental Code of Practice for Agricultural investment	The farm doesn't have appropriate place to store agro chemicals such as fertilizers and pesticides. They are stored in metal container. In addition, the different chemicals are stored together without categorising it by name, and composition of active ingredients	Poor	1
Total Score = 25			7
Grand total score (50 + 25) = 75		(12 + 7) = 19	

Ruchi's total score on pro-poor and environmentally sustainable investment

Pro-poor criteria	Ruchi's Performance	Results	Score
Existing rights to natural resources are recognised and respected	The project land was forestland which was covered mainly by Shea trees which was the communities livelihoods	Poor	1
Participation of local residents, especially indigenous people, in the negotiation of large-scale land lease	The communities were not involved in the negotiation of the agricultural land lease. They came to know when the project started deploying the farm machineries and cutting the trees.	Poor	1
Improvement of local farmers' farming methods	The project is highly mechanised and uses high tech while the communities using primitive tools. No support has been given in upgrading their farming methods and increase production	Poor	1
Improvements of local population's food security	The project principal agricultural product is oil crops such as soybeans, groundnuts, sorghum, rice and maize for export. The communities used to collect Shea fruits which were their livelihood. They now don't have access to the forest resources and most of the trees which were in their proximity have gone.	Poor	1
Creation of jobs for local population	It created seasonal (labourer) jobs for locals who quite due to long working hours without overtime payment.	Poor	1
Agricultural products (i.e staple ⁶⁴ versus non-staple; food crops versus industrial crops ⁶⁵)	The project produces sorghum and maize which is the locals' staple food. Though it produces these crops to make oil for export. It doesn't yet have oil refinery in Ethiopia.	Fair	2

⁶⁴Case study areas' staple foods are maize, sorghum and millet

⁶⁵Industrial crops are crops that provide material inputs for industrial processes and products such as oil crops, textile crops and bio-fuel crops. Its production potentially competes with food crops for land, water and other factors of production. The end product might not be available for local population.

Respecting the core labour standards including wages, working hours, health insurance, occupational health and safety, and other benefits	The project doesn't provide adequate accommodation for the labourers who are from other parts of Ethiopia and they cannot commute everyday like the workers from the community. Long working hours without overtime payment. The project doesn't have a contractual agreement when employing the farm workers which is against the Ethiopian Labour Proclamation No 377/2003, Article 4, Sub Articles 3 & 5.	Poor	1
Labour-intensive technology is used to create more jobs for the locals	The project is highly mechanised. For its size of the operation, the project could create more jobs for the locals if it promotes labour intensive technology.	Poor	1
Out-grower scheme is practiced (i.e. creation of direct linkage between the project and local smallholder farmers)	There are no linkages between the project and local smallholder farmers. The land lease contract doesn't encourage out-grower scheme	Poor	1
Support to improve the local community's road, schools, and health centres (i.e. Corporate Social Responsibility)	The project hasn't provided support to improve the local infrastructures, schools and health centre.	Poor	1
Total Score = 50			11
Environmental sustainability criteria	Ruchi's performance	Results	Scores
Environmental impacts of the project are quantified	The project's Environmental Impact Assessment (EIA) report was not found neither at the farm site nor at the EAILAA which is the sole responsible agency to handle agricultural related environmental and social impact assessment issues. The EIA report should be a working manual and available at the farm. This shows that the report was prepared just to comply with the rules rather than to make a real impact on the ground. For instance, the farm is in proximity with Gambella National Park which harbours quite a number of wild animals. The location of the farm denies the animals' access to seasonal pastures or water points. This adverse impacts of the project could be captured and quantified and mitigation measures should have been taken	Poor	1
Measures taken to mitigate the negative impacts of the project	The project doesn't have the EIA report at the site. It doesn't have an Environmental Management Unit or expert to advise and monitor the environmental performance of the farm including ensuring the adequate implementation of the mitigation measures for the adverse impact of the farm activities	Poor	1
Measures taken to ensure sustainable use of resources	The project cleared the trees without giving due consideration to the signed contractual agreement which clearly specifies the number of indigenous trees to be left per hectare of land. The project doesn't have a water management system to ensure sustainable use of water. It doesn't have plan to offset its carbon footprints and promote sustainable agricultural practices. This shows the project lack of consideration into the environment and sustainable farming.	Poor	1
Agricultural waste are managed as per industry best practice	The project doesn't have waste management system. Agricultural waste is dumped into the environment. Empty	Poor	1

	chemical containers are buried in the ground. There is a high risk of soil and ground water contamination.		
Agro-chemicals are managed as per Environmental Code of Practice for Agricultural investment	The farm doesn't have appropriate place to store agro chemicals. It has a small room where hand tools, spraying instruments, construction materials and agro-chemicals are stored together. This doesn't comply with the Environmental Code of Practice for Agricultural Investment. This code of practice is a minimum standard and a mandatory to all large scale farms.	Poor	1
Total Score = 25			5
Grand total score (50 + 25) = 75		(11 + 5) = 17	

Toren's total score on pro-poor and environmentally sustainable investment

Pro-poor criteria	Toren's Performance	Results	Score
Existing rights to natural resources are recognised and respected	The project land was woodland and surrounded by river. These resources were the communities' livelihoods. The woodlands were used to hang the bee hives which the communities produce and sell honey. Fishing is one of the resources of food and income for the communities. The project extensively irrigates from the River which could affect the fish production.	Poor	1
Participation of local residents, especially indigenous people, in the negotiation of large-scale land lease	The communities were not involved in the negotiation of the agricultural land lease.	Poor	1
Improvement of local farmers' farming methods	The project is highly mechanised and uses high tech while the communities using primitive tools.	Poor	1
Improvements of local population's food security	The project principal agricultural product is cotton and soybeans as a rotational crop. The clearing of the woodlands affects the wild animals which the communities used to hunt during shortage of food. The widely hunted animal is Antelope which was used a coping mechanism to secure food for the family	Poor	1
Creation of jobs for local population	The project gives job priority to nearby villagers, then residents of Gog District, and Gambella Region with the view to give job opportunities for the communities. We they don't find in Gambella, they then hire from other parts of Ethiopia. They also give training for Ethiopian employees in operating and maintaining the various high-tech machines such as tractors, GPS guided levelling equipment. .	Good	4
Agricultural products (i.e staple ⁶⁶ versus non-staple; food crops versus industrial crops ⁶⁷)	The project's principal product is cotton which is non-staple and industrial crops. For try-out, the project produced maize to be used for employees' food as most of them are from the surrounding	Average	3

⁶⁶Case study areas' staple foods are maize, sorghum and millet

⁶⁷Industrial crops are crops that provide material inputs for industrial processes and products such as oil crops, textile crops and bio-fuel crops. Its production potentially competes with food crops for land, water and other factors of production. The end product might not be available for local population.

	communities whose staple food is maize. The surplus will be sold at the local market.		
Respecting the core labour standards including wages, working hours, health insurance, occupational health and safety, and other benefits	The project's salary rates are very attractive and above the Ethiopian wage standard for the industry. It pays a daily labourer in range ETB 55 to 60 whereas the standard wage rate is ETB 50. It pays pension, medical expenses, hardship allowance to its fixed term employees. It provides fully equipped housing, food and certified water for drinking. The project provides training and adequate safety gear for workers who handle chemicals. Special medication is available at the farm clinic in case of exposure	Very good	5
Labour-intensive technology is used to create more jobs for the locals	The project is highly mechanised. For its size of the operation, the project could create more jobs for the locals if it promotes labour intensive technology.	Poor	1
Out-grower scheme is practiced (i.e. creation of direct linkage between the project and local smallholder farmers)	There are no linkages between the project and local smallholder farmers. The land lease contract doesn't encourage out-grower scheme	Poor	1
Support to improve the local community's road, schools, and health centres (i.e. Corporate Social Responsibility)	The project has provided support to rehabilitate a 35 km road from the farm site to the District town. It also provided support to the 19 km road construction from the Gog District to Abobo District. It provided support for the maintenance of two schools in the district.	Good	4
Total Score = 50			22
Environmental sustainability criteria	Toren's performance	Results	Scores
Environmental impacts of the project are quantified	The project's Environmental and Social Impact Assessment (EIA) was conducted after two years commencing its operation where its significant adverse impacts are quantified and mitigation measures are spelled-out. It is in breach of the EIA Proclamation No. 299/2002.	Fair	2
Measures taken to mitigate the negative impacts of the project	The project doesn't have an Environmental Management Unit or Expert to advise and monitor the farm's environmental performance including the implementation of the action plan for the environmental risk mitigation measures. However, it has established 11 ha buffer zone and built the workers residences 2 km away from the farm according to the signed lease agreement.	Average	3
Measures taken to ensure sustainable use of resources	The project cleared the woodlands. The project irrigate its cultivation from the River and it doesn't have a water management system to ensure sustainable use of water. It doesn't have plan to offset its carbon footprints and promote sustainable agricultural practices.	Poor	1
Agricultural waste are managed as per industry best practice	Agricultural waste are disposed separately in designated area which is made of concrete.	Good	4
Agro-chemicals are managed as per Environmental Code of Practice for Agricultural investment	The agro chemicals are stored properly and comply with the Environmental Code of Practice for Agricultural Investment. To this effect, the project received a certificate for good performance and got a permit to bring chemicals	Good	4
Total Score = 25			14
Grand total score (50 + 25) = 75		(22 + 14) = 36	

BHO's total score on pro-poor and environmentally sustainable investment

Pro-poor criteria	BHO's Performance	Results	Score
Existing rights to natural resources are recognised and respected	The project land was savanna grassland and surrounded by river. These resources were the communities' livelihoods. They are semi-pastoralist and thus the savanna grassland used to their animals grazing land. The project's irrigation canal and storage ponds hinders the community's cattle to pass to the grasslands.	Poor	1
Participation of local residents, especially indigenous people, in the negotiation of large-scale land lease	The community was informed about the investment project by the District and Regional Offices. The negotiation took place between the Federal Government and the investor. Neither the community nor the District and Regional Offices were not part of the negotiation.	Poor	1
Improvement of local farmers' farming methods	The project is highly mechanised and uses high tech while the communities using primitive tools.	Poor	1
Improvements of local population's food security	The project principal agricultural product is oil crops for export	Poor	1
Creation of jobs for local population	Very limited number of labourer work. No job priority for project area residents	Poor	1
Agricultural products (i.e staple ⁶⁸ versus non-staple; food crops versus industrial crops ⁶⁹)	The project's principal product is Oil crops which is non-staple and industrial crops. It produced maize and not sold in the local market. It sent to the Capital Addis Ababa. .	Fair	2
Respecting the core labour standards including wages, working hours, health insurance, occupational health and safety, and other benefits	The project pays in range between ETB 31 to 35 per day which is lower than the standard daily fee of ETB 50. The labourers work all calendar days and there is no overtime payment for weekends and holidays. There is no medical insurance for the labourers during on duty "Occupational Injuries". There is no protection gear given to the workers who handle agro-chemicals. This is in breach of the Labour Proclamation No. 377/2003, Articles 12 and 92	Poor	1
Labour-intensive technology is used to create more jobs for the locals	The project is highly mechanised. For its size of the operation, the project could create more jobs for the locals if it promotes labour intensive technology.	Poor	1
Out-grower scheme is practiced (i.e. creation of direct linkage between the project and local smallholder farmers)	There are no linkages between the project and local smallholder farmers. The land lease contract doesn't encourage out-grower scheme	Poor	1
Support to improve the local community's road, schools, and health centres (i.e. Corporate Social Responsibility)	No support has been given. In fact, the project uses the community's water pump which the government installed. Due to excessive use by the project, the pump is broken.	Poor	1
Total Score = 50			11

⁶⁸Case study areas' staple foods are maize, sorghum and millet

⁶⁹Industrial crops are crops that provide material inputs for industrial processes and products such as oil crops, textile crops and bio-fuel crops. Its production potentially competes with food crops for land, water and other factors of production. The end product might not be available for local population.

Environmental sustainability criteria	BHO's performance	Results	Scores
Environmental impacts of the project are quantified	The project's Environmental and Social Impact Assessment (EIA) was conducted after one years commencing its operation where its significant adverse impacts are quantified and mitigation measures are spelled-out. It is in breach of the EIA Proclamation No. 299/2002 which state the EIA of projects should be conducted before the commencement of the operation.	Fair	2
Measures taken to mitigate the negative impacts of the project	The project doesn't have an Environmental Management Unit or Expert to advise and monitor the farm's environmental performance including the implementation of the action plan for the environmental risk mitigation measures. One of the mitigation measures is to compensate for the clearance of woodlands by planting at least four million seedlings. This was not done.	Poor	1
Measures taken to ensure sustainable use of resources	The project cleared the woodlands. The project irrigates its cultivation from the River and it doesn't have a water management system to ensure sustainable use of water. It doesn't have plan to offset its carbon footprints and promote sustainable agricultural practices.	Poor	1
Agricultural waste are managed as per industry best practice	The project doesn't have a waste management system. Agricultural waste is disposed into the environment.	Poor	1
Agro-chemicals are managed as per Environmental Code of Practice for Agricultural investment	The project doesn't have a proper storage to store agro-chemicals as per the Environmental Code of Practice for Agricultural Investment (2010), Special Decree on Pesticides (1990), and Pollution Control Proclamation (2002).	Poor	1
Total Score = 25			6
Grand total score (50 + 25) = 75			(11 + 6) = 17

S&P's total score on pro-poor and environmentally sustainable investment

Pro-poor criteria	S&P's Performance	Results	Score
Existing rights to natural resources are recognised and respected	The project land was forestland. These resources were the communities' livelihoods. It is the community's sacred place. The loss of the existing rights to natural resources affects the communities.	Poor	1
Participation of local residents, especially indigenous people, in the negotiation of large-scale land lease	There was no negotiation with the communities. The Regional State was not involved in the land deal. The negotiation took place between the Federal Government and the investor.	Poor	1
Improvement of local farmers' farming methods	The project is highly mechanised and uses high tech while the communities using primitive tools.	Poor	1
Improvements of local population's food security	The project principal agricultural product is bio-fuel trees for export. The forest was the communities' source of income and food. It was used for livestock rearing, crop production, honey production, bamboo trees harvesting, firewood and wild plants collecting, hunting wild animals, medicinal plants, and	Poor	1

	cassava. In addition, these communities are suffering from food security and malnutrition.		
Creation of jobs for local population	Not applicable as this research was not given access to visit the farm site (see section 4.5.4.6 and the last sentence of paragraph three of section 6.4.6).	-	-
Agricultural products (i.e staple ⁷⁰ versus non-staple; food crops versus industrial crops ⁷¹)	The project's principal product is Bio-fuel trees which is non-staple and industrial crops.	Poor	1
Respecting the core labour standards including wages, working hours, health insurance, occupational health and safety, and other benefits	Not applicable as this research was not given access to visit the farm site (see section 4.5.4.6 and the last sentence of paragraph three of section 6.4.6).	-	-
Labour-intensive technology is used to create more jobs for the locals	The project is highly mechanised. For its size of the operation, the project could create more jobs for the locals if it promotes labour intensive technology.	Poor	1
Out-grower scheme is practiced (i.e. creation of direct linkage between the project and local smallholder farmers)	There is no linkages between the project and local smallholder farmers. The land lease contract doesn't encourage out-grower scheme	Poor	1
Support to improve the local community's road, schools, and health centres (i.e. Corporate Social Responsibility)	Not applicable as this research was not given access to visit the farm site (see section 4.5.4.6 and the last sentence of paragraph three of section 6.4.6).	-	-
Total Score = 50			7
Environmental sustainability criteria	S&P's performance	Results	Scores
Environmental impacts of the project are quantified	The project's Environmental and Social Impact Assessment (EIA) report was not found at the EAILAA or Ministry of Environment and Forest or at the project. There is no information if the adverse impacts of the project is captured and quantified or not	Poor	1
Measures taken to mitigate the negative impacts of the project	It is difficult to take measures to mitigate the adverse impacts of the project without the EIA report of the project	Poor	1
Measures taken to ensure sustainable use of resources	The project cleared the forestlands. The cut trees are left to decay at the farm. The project irrigates its cultivation from the River and it doesn't have a water management system to ensure sustainable use of water. It doesn't have plan to offset its carbon footprints and promote sustainable agricultural practices.	Poor	1

⁷⁰Case study areas' staple foods are maize, sorghum and millet

⁷¹Industrial crops are crops that provide material inputs for industrial processes and products such as oil crops, textile crops and bio-fuel crops. Its production potentially competes with food crops for land, water and other factors of production. The end product might not be available for local population.

Agricultural waste are managed as per industry best practice	Not applicable as this research was not given access to visit the farm site (see section 4.5.4.6 and the last sentence of paragraph three of section 6.4.6).	-	-
Agro-chemicals are managed as per Environmental Code of Practice for Agricultural investment	Not applicable as this research was not given access to visit the farm site (see section 4.5.4.6 and the last sentence of paragraph three of section 6.4.6).	-	-
Total Score = 15			3
Grand total score (35 + 15) = 50		(7 + 3) = 10	

Appendix 8: Lists of Documents

1. Policies and Policy-Based Proclamations

1.1 Imperial Government Policies and Proclamations

- Personal and Business Tax Proclamation No. 107/1949, Negarit Gazette, Addis Ababa, 1949.
- Investment Proclamation No. 242/1966, Negarit Gazette, Addis Ababa, 1966.
- Proclamation No. 140/1954 to amend the personal and business tax proclamation no. 107/1949, Negarit Gazette, 14th Year No. 1, Addis Ababa, 20th September 1954.
- Development in Ethiopia 1941-1964, Ministry of Information, The Imperial Ethiopian Government, 1941, Addis Ababa, Ethiopia.
- Development in Ethiopia 1941-1964, Ministry of Information, The Imperial Ethiopian Government, 1964, Addis Ababa, Ethiopia.
- Agriculture in Ethiopia, Publications and Foreign Languages Press Department, The Imperial Ethiopian Government, 1964, Addis Ababa, Ethiopia
- Ethiopia Today: Investment Opportunities, Ministry of Information, The Imperial Ethiopian Government, July 1973, Addis Ababa, Ethiopia

1.2 Military Regime Policies and Proclamations

- Declaration on Economic Policy of Socialist Ethiopia, (1975), Addis Ababa, February 7, 1975.
- Proclamation No. 26/1975 for the ownership and control by the government of the means of production, Negarit Gazette, 34th year, No. 22, Addis Ababa, 11th March 1975
- Proclamation No. 31/1975 for the public ownership of rural lands, Negarit Gazette, 9th April 1975, Addis Ababa, The Provisional Military Administration Council.
- Proclamation No. 47 of 1975 for government ownership of urban lands and extra urban houses, Negarit Gazette, 26th July 1975, Addis Ababa, The Provisional Military Administration Council.
- Regulations for the Establishment of Agricultural Development Corporations, Negarit Gazette, No. 21, Addis Ababa, 20th February 1976; Negarit Gazette, No. 27, Addis Ababa, 23rd March 1976.
- Regulations No. 10/1990 for the participation of foreign investors. Negarit Gazette, 49th year, No. 23, Council of Ministers, Addis Ababa, 4th September, 1990
- Special Decree No. 17/1990 on Investment, Negarit Gazette, 49th year, No. 12, Council of State, Addis Ababa, 19th May, 1990

1.3 EPRDF Regime Policies, Proclamations and Strategies

- Environmental Policy, Environmental Protection Authority, (1997), Federal Democratic Republic of Ethiopia, Addis Ababa
- Ethiopia's Climate Resilient Green Economy Strategy, Environmental Protection Authority, (2011), Federal Democratic Republic of Ethiopia, Addis Ababa
- Education and Training Policy, Ministry of Education, (1994), Federal Democratic Republic Government of Ethiopia, Addis Ababa, April 1994
- National Adult Education Strategy, Ministry of Education, (2008), Federal Democratic Republic Government of Ethiopia, Addis Ababa, February 2008
- Health Policy and Strategies, Ministry of Health, (1993), Transitional Government of Ethiopia, Addis Ababa, September 1993
- Rural Development Policy and Strategies, Ministry of Finance and Economic Development, Economic Policy and Planning Department, (2003), Government of the Federal Democratic Republic of Ethiopia, Addis Ababa, April 2003
- Growth and Transformation Plan, Ministry of Finance and Economic Development, (2010), Government of the Federal Democratic Republic of Ethiopia, , Addis Ababa, September 2010.
- National Social Protection Policy of Ethiopia, Final draft, Ministry of Labour and Social Affairs, 26 March 2012
- Environmental Impact Assessment Proclamation No. 299/2002, Federal Negarit Gazette, 9th Year, No. 11, Addis Ababa, 3rd December 2002.
- Environmental Pollution Control Proclamation No. 300/2002, Federal Negarit Gazette, 9th Year, No. 12, Addis Ababa, 3rd December 2002
- Expropriation of Landholdings for Public Purposes and Payment of Compensation Proclamation No. 455/2005, Federal Negarit Gazette, 11th Year No. 43, 15th July 2005
- Investment Proclamation No. 769/2012, Federal Negarit Gazette, 18th Year, No.63, Addis Ababa, 17th September 2012
- Labour Proclamation No. 377/2003, Federal Negarit Gazette, 10th Year, No. 12, Addis Ababa, 26th February 2004
- Labour Proclamations No.466/2005, Federal Negarit Gazette, 11th Year, No. 56, Addis Ababa, 30th June 2005
- Labour Proclamation No. 494/2006, Federal Negarit Gazette, 12th Year, No. 30, Addis Ababa, 29th June 2006

- Proclamation No. 269/2012 for the establishment of the Ethiopian Investment Agency, Federal Negarit Gazette, 19th Year, No. 2, Addis Ababa, 23rd November 2012
- Proclamation No.803/2013 for the establishment of the Ministry of Environment and Forest, Federal Negarit Gazette, 19th Year, No. 61, Addis Ababa, 29 July 2013
- Proclamation No. 313/2014 for the establishment of the Ethiopian Investment Commission, Federal Negarit Gazette, 20th Year, No. 63, Addis Ababa, 14th August 2014
- Proclamation No. 283/2013 for the establishment of the Ethiopian Agricultural Investment Land Administration Agency, Federal Negarit Gazette, 19th Year, No. 32, Addis Ababa, 4th March 2013
- Proclamation No.7/1992 for the establishment of National/Regional Self-government, NegaritGazeta, 51st Year, No.2,1992a, Transitional Government of Ethiopia, Addis Ababa
- Proclamation of the Constitution of the Federal Democratic Republic of Ethiopia No.1/1995 – Federal Nagarit Gazette, 1st Year, No. 1, Addis Ababa, 21st August 1995
- Rural Land Administration and Use Proclamation No. 456/2005, Federal Negarit Gazette, 11th Year, No.44, Addis Ababa, 15th July 2005.
- Solid Waste Management Proclamation No. 513/2007, Federal Negarit Gazette, 13 Year No. 13, Addis Ababa, 12th February 2007

2 Guidelines and code of practices

- Guideline to prepare project documents on environmental impact assessment for agricultural investments, Ministry of Agriculture, April 2010
- Environmental Code of Practice for Agricultural investment, Ministry of Agriculture, June 2010
- An Investment Guide to Ethiopia: Opportunities and Conditions, Ethiopian Investment Agency, 2013
- Factor Cost (i.e. land, labour, etc..), Ethiopian Investment Agency, June 2013

3 Gambella regional state’s rules and regulations

- Rural land administration and land use,
- Agricultural investment,
- Labour, and
- Environmental protection

4 Benshanguel-Gumuz regional state rules and regulations

- Rural land administration and land use,
- Agricultural investments,

- Labour, and
- Environmental protection

5 Investment contractual agreements of this research case studies

- Saudi-Star Agricultural Development PLC
- Karuturi Agro Products PLC
- BHO Bio Products PLC
- RuchiAgri PLC
- Toren Agro Products PLC
- Shamporji Energy Solutions PLC

6 Environmental impact assessment reports

- Saudi-Star Agricultural Development PLC
- Toren Agro Industries PLC
- Karuturi Agro Products PLC
- BHO Bio Products PLC

7 Reports on FDI in agricultural land in Ethiopia

- The 2009 FAO's Report on Agricultural Investment and Proposed Land Lease Charges in Ethiopia,
- The 2011 FAO's Mid-term Review Report on Technical Assistance for Capacity Building of the Agricultural Investment Support Directorate of Ethiopia which is now upgraded to a full-fledged agency and called Ethiopian Agricultural Investment Land Administration Agency (EAILAA).

Appendix 9: Plagiarism Declaration

Plagiarism Declaration:

1. I know that plagiarism is a serious form of academic dishonesty.
2. I have read the document about avoiding plagiarism, am familiar with its contents and have avoided all forms of plagiarism mentioned there.
3. Where I have used the words of others, I have indicated this by the use of quotation marks.
4. I have referenced all quotations and properly acknowledged other ideas borrowed from others.
5. I have not and shall not allow others to plagiarise my work.
6. I declare that this is my own work.
7. I am attaching the summary of the Turnitin match overview (when required to do so).

Signature:

Signed by candidate

12 Feb. 2012

Appendix 10: Direct Observation of Agricultural Projects' Sites

Direct Observation of project sites and locality

Materials to be reviewed:

- maps and charts of the geographical characteristics or layouts of the study areas (Mapping Agency)
- population survey data (demographic data) from 2000 of the study areas (Statistics Agency)

Other items to observe at the site:

- The compliance for proper agriculture investment land utilization of this code of conduct is:

- Wind break indigenous trees are cultivated/ The trees along the river banks are not cut down,
- The land area in the distance of 1.5-2 km is left untouched;
- Agronomic practices implemented are not exposing the land to soil erosion, and indigenous trees are planted on 5% of the leased land.

- The compliance for maintaining and improving social and cultural aspects of the farming place and the surrounding is:

- Historical relics, burial sites and cultural monuments are fenced and left untouched while ploughing
- Involve the local people in the whole process of planning and implementation of the project
- Settlement areas of farm workers, families and surrounding community should be at least 2kms away from farm area

Region	Farm location	Type of production	Size and date of land leased	Investor company's name & nationalities	Observed items							
					geographical characteristics/ layouts of the study area	Wind break indigenous trees are cultivated	The land area in the distance of 1.5-2 km is left untouched	the proportion of developed leased land (to be verified with the contract 4.4)	Agronomic practices implemented are not exposing the land to soil erosion	Historical relics, burial sites and cultural monuments are fenced and left untouched while ploughing	Involve the local people in the whole process of planning and implementation of the project	Settlement areas of farm workers, families and surrounding community should be at least 2kms away from farm area
Gambella	Agnawak Zone, Abobo District, between Perbergo and Pukedi Kebele	Rice	10,000 ha on 29 September 2009 (30 years lease)	Saudi Star Agricultural Development P.L.C. Saudi Arabian	Dense forestlands, rivers	No	No	They are supposed to develop all the hectares leased by the 4th year but they are in 3th year and just developed 5.5% of the land (350 ha of land out of 10000 ha)	Trees are cleared and rice is the main production. Excessive water usage and there is no water recycling method. Use of fertilizers and chemicals and waste dumping	No	Not at all	The farm is located between forest and rivers and thus the closest town is at least 2kms away. The workers camp is more than 2 kms away
	Itang Special District, Wanke Kebele	Cereal crops, pulses and edible oil crops	27,000 ha on 11 May 2010 (25 years lease)	BHD Bio Products PLC. Indian	Savanna grassland, river	No	No information as I was denied to visit the farm	No information about it as I was denied to visit the farm. However, according to the contract, they are supposed to develop 100% of the land at the 4th year of signing the contract.	maize is the main production. The most concern is chemical use, storage and dumping waste. Also excessive water usage and no recycling method.	No	Not at all	the community lives about 2kms away, and opposite to farm. The workers camp is about 2kms
	Nuer Zone, Jikao District and Itang Special District	Palm cereals, rice & Sugar cane	100,000 ha on October 25, 2010 but the initial agreement was done with the district on 4 August 2006 (50 years lease)	Kanutori Agro Products P.L.C. Indian	Dense forestlands, rivers	No	No	The company supposed to develop 100% of the land in two years from signing the contract. It is now 6 years, they have developed only 30% of the land (30,000 ha out of the 100,000 ha)	Maize, soya bean and sesame are the main plantation. The maize that was planted in the 30,000 ha of land is vanished due to flood which was caused mainly by their construction to block the natural water flow which exacerbated the flood that the area has from time to time during raining season and wiped out the nearby villages and damaged the road in late summer and early fall 2014. chemical use, storage and waste dumping	No	Not at all	the company's land stretched to two districts and four kebeles (villages) Jikao districts where it is 5 villages are not function due to the flood. It is now operating in one village in Itang Special district (Jila village). The farm distance more than 2 kms, opposite the village. The workers camp is also away from the farm and it is adjacent to village
	Agnawak Zone, Goge District, Puchai, Pugnido and Tata Kebeles	Soya bean	25,000 ha on 5 April 2010 (25 years lease)	Buchi Agri Plc, Indian	forestlands including shea butter trees	No	there are some trees but it is difficult to measure the distance.	The company supposed to develop 100% of the land in four years from signing of the contract. It is now 4 years, they have developed only 14% of the land (3,500 ha out of the 25,000 ha)	maize, soya bean, and groundnuts are the main plantation. Chemical applied, stored and waste dumping. The excess use of water and there is no recycling method	No	Not at all	The villagers are away from the farms. The workers camp is more than 2 km away opposite the farm

Remark: All the visited farms leased forestlands, woodlands or savanna lands, and no village is evicted in order to provide the land to investors.